

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED
OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES
OF THE U.S. GENERALIZED
SYSTEM OF PREFERENCES**

Report to the President
on Investigation Nos.
TA-503(a)-20 and
332-290

USITC PUBLICATION 2289

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United States International Trade Commission
Washington, DC 20436



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Note.--This report is a declassified
version of the Confidential probable
effects advice report submitted to
the President on June 1, 1990.

INTRODUCTION

On March 1, 1990, in accordance with sections 131, 503, and 504 of the Trade Act of 1974 and section 332(g) of the Tariff Act of 1930, and pursuant to the authority delegated to the United States Trade Representative (USTR) by the President through Executive Order 11846, as amended, the USTR requested advice (see appendix A) related to the U.S. Generalized System of Preferences (GSP) as follows:

(1) pursuant to sections 131(a) and 503(a) of the Trade Act of 1974 (19 U.S.C. 2151(b) and 2463(a)), advice with respect to each article listed in part A of the Annex to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the GSP;

(2) pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

(a) advice in accordance with section 504(c)(3)(A)(i) of the Trade Act of 1974 as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for Peru with respect to the article in part B of the Annex to the USTR request; and

(b) advice in accordance with section 504(d) of the Trade Act of 1974, which exempts from one of the competitive need limits in section 504(c) of the Trade Act of 1974 articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, with respect to whether products like or directly competitive with the articles in part A of the Annex to the USTR request were being produced in the United States on January 3, 1985.

In providing its advice under (1), the Commission assumed, as requested by USTR, that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the Trade Act of 1974.

In response to the USTR request, the Commission on March 16, 1990, instituted investigation Nos. TA-503(a)-20 and 332-290 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR.

The Commission notice of investigation and hearing is contained in appendix B.¹ A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on April 17-18, 1990. All interested parties were afforded an opportunity to appear by counsel or in person, to present information, and to be heard. A list of witnesses appearing at the Commission hearing is contained in appendix C.

¹ The following Federal Register notices were issued by the USTR and the Commission related to investigation Nos. TA-503(a)-20 and 332-290:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
March 7, 1990	55 F.R. 8248	USTR notice of GSP Special Review
March 28, 1990	55 F.R. 11449	Notice of ITC investigation and hearing
April 11, 1990	55 F.R. 13675	ITC change of filing deadline for written submissions
April 17, 1990	55 F.R. 14378	Correction to the notice of ITC investigation and hearing

PRESENTATION OF PROBABLE ECONOMIC EFFECT ADVICE

In response to the USTR request for probable economic effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific HTS subheading or on a group of several closely related HTS subheadings. In the latter case, advice is given both for the group as a whole and for each individual subheading.

To provide a factual basis for the Commission's advice, each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1989
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effects
- ... HTS/TSUSA concordance and tariff rates
- ... U.S. import/export tables

I. Introduction.--This section provides basic information on the item, including description and uses, rate of duty, and an indication of whether there was U.S. production of the item on January 3, 1985.

II. U.S. market profile.--This section provides information on U.S. producers, employment, shipments, exports, imports, consumption, import market share, and capacity utilization. Where exact information is not obtainable, the best available estimates are provided.

III. GSP import situation, 1989.--This section provides 1989 U.S. import data, including the world total and certain GSP country-specific data. Individual GSP country data are provided for the top four GSP suppliers during 1989 as well as for any additional GSP country proposed for a "waiver." In this "special Andean review," import data are also included for Bolivia, Colombia, Ecuador, and Peru in cases where these countries were significant suppliers of the subject products in 1989. Hong Kong, Korea, Taiwan, and Singapore are not classified as GSP countries in this report. Although these countries were eligible for GSP treatment during 1984-88, they were "graduated" on January 1, 1989, and are no longer eligible for GSP benefits.

IV. Competitiveness profiles.--This section provides background information on GSP supplier countries that are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and/or (3) affected by changes in eligibility as a

result of the modification. Background information is also included for Bolivia, Colombia, Ecuador, and Peru in cases where these countries were significant suppliers as determined in section III. Information is provided on the level and significance of the country as a supplier, the elasticities of supply and demand for imports from the country,² and the price and quality of imports compared with U.S. and other foreign products.

V. Position of interested parties.--This section provides brief summaries of written submissions and testimony from interested parties.

VI. Summary of probable economic effects.--This section provides advice on the short-to-near-term (1-5 years, 1991-95) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. The probable economic effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. Appendix D provides a brief textual and graphic presentation of the types of trade shifts that can result from modification of GSP eligibility for the case where the domestic product and imports from all countries are perfect substitutes. For the products in this report, it is not possible to measure such trade shifts precisely.

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications will affect U.S. trade levels with the world. Consequently, although U.S. imports of a particular product from GSP beneficiaries may change significantly, if GSP beneficiaries supply a very small share of total U.S. imports of that product or if imports from beneficiaries readily substitute for imports from developed countries, the overall effect on U.S. imports could be minimal.

² Price elasticity is a measure of the changes in quantity that are brought about as a result of changes in price. The guidelines used for both supply and demand are as follows: The elasticity is low when the percentage change in quantity is less than the percentage change in price; moderate when it is between 1 and 2 times the percentage change in price; and, high when it is greater than 2 times the percentage change in price. It should be noted that the elasticity levels ("low, moderate, and high") are only estimates, and are not based on empirical research on the various products under consideration.

The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below:

FOR "ADDITION" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase (5 percent or less).
- Code B: Moderate increase (6 to 15 percent).
- Code C: Significant increase (over 15 percent).
- Code N: No impact

Impact on the U.S. industry and employment:

- Code A: Little or negligible adverse impact.
- Code B: Significant adverse impact (significant proportion of workers unemployed, declines in output and profit levels, firms depart; effects on some segments of the industry may be substantial if the adverse effect is not felt industrywide).
- Code C: Substantial adverse impact (substantial unemployment, widespread idling of productive facilities, substantial declines in profit levels; effects felt by the entire industry).
- Code N: No impact.

Benefit derived by the U.S. consumer:³

- Code A: The bulk of duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly (by less than 25 percent of the duty reduction).
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither one receiving more than 75 percent of the savings).
- Code C: The bulk of duty savings (greater than 75 percent) is expected to benefit the U.S. consumer.
- Code N: No impact.

In using the probable economic effect advice, one should consider several important factors. The HTS trade data for 1985-1988 used in the investigation were developed by the Commission by converting official TSUSA import statistics and Schedule B export statistics to the HTS format using Commission-developed concordances between the TSUSA/Schedule B systems and the HTS. As a general observation, data that are developed under one system and subsequently translated and presented in another should be viewed with some caution. Such caution

³ The "U.S. consumer" may be a firm/person receiving an intermediate good for further processing or an end user in case of a final good.

is recommended in this investigation because of fundamental differences in structure and classification concepts between the HTS and the TSUSA/Schedule B. Although the Commission believes that it has solved the great majority of the technical problems in converting trade data from one format to another, basic differences between the two systems make precise conversion of data impossible in many instances.

Further, confidence in available data and data estimates often varies by product and by type of information. To give the report user some indication of the degree of confidence in data provided in the digests, the Commission uses the following coding system.

No code = Response based on complete or almost complete information/data adequate for a high degree of confidence.

* = Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., *5, *X).

** = Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., **5).

(¹) = Not available.

The probable economic effect advice for U.S. imports and the domestic industry are estimates of what is expected in the future with the proposed change in GSP eligibility compared to what is expected without it. That is, the estimated effects are independent of and in addition to any changes that will otherwise occur. Although a number of factors, such as exchange rate changes, relative inflation rates, and relative rates of economic growth could have a significant effect on imports, these other factors are not within the scope of the USTR request.

Probable Economic Effect Digest Locator and Overview

Note.--In this report, the digests follow the sequential order of the first HTS subheading, listed in pages 9 to 12. This listing provides the following information on the individual digests: a digest title, the petitioning country(ies), probable economic effect codes, col. 1 rate of duty or AVE, existence of U.S. production on January 3, 1985, and the assigned Commission trade analyst.

HTS subheadings requiring probable effect advice and listing of digests

HTS subheading(s) ¹	Short title	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>0304.10.20</u> (pt) 0304.20.40(pt)	Hake fillets	Peru		1.1%	Yes	Corey
<u>0306.14.20</u>	Crabmeat	Colombia		8.4%	Yes	Newman
<u>0602.10.60</u>	Fresh cut roses	Bolivia, Ecuador		8.0%	Yes	Burket
<u>0709.10.00</u>	Artichokes, fresh or pickled	Colombia		12.1%	Yes	Williams
<u>0709.20.10</u> 2005.60.00	Asparagus, fresh and processed	Colombia, Ecuador, Peru		21.8%	Yes	Salin
<u>0710.22.30</u> 2004.90.9080	Certain frozen vegetables, nesoi	Ecuador, Peru, Colombia		16.6%	Yes	Macomber
<u>0711.20.15</u>	Olives, provisionally preserved	Peru		8.5%	Yes	Macomber
<u>0714.10.00</u>	Cassava, fresh or dried	Colombia		22.0%	Yes	Gallagher
<u>0804.30.40</u>	Fresh pineapple, in crates or packages	Colombia		1.31c/kg	Yes	Reeder
<u>0804.50.60</u>	Mangoes and guava, fresh	Colombia		8.27c/kg	Yes	Ruggles
<u>0807.20.00</u>	Fresh papayas and certain papaya pulp	Colombia, Peru		9.5%	Yes	Macomber
<u>0810.10.20</u>	Strawberries, fresh	Colombia		1.5%	Yes	Gallagher
<u>0811.20.40</u>	Certain frozen fruit	Colombia, Peru		11.7%	Yes	Macomber
<u>1102.90.40</u>	Certain cereal flours	Peru		20.0%	Yes	Steller

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS subheading(s) ¹	Short title	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
1104.22.00	1104.23.00 Certain grains	Colombia, Ecuador		2.0%	Yes	Steller
1212.92.00	Sugar cane	Ecuador		\$2.76/ton	Yes	Williams
1507.90.40	Refined soybean oil	Bolivia		22.5%	Yes	Reeder
1516.10.00	Hydrogenated animal fats and oils	Peru		11c/kg	Yes	Reeder
1604.13.40	1604.13.50 Canned sardines	Peru		2.9%	Yes	Corey
2002.10.00	2002.10.0020 Canned tomatoes	Peru, Ecuador		14.7%	Yes	Nunis
2202.10.0090						
2002.90.00	2002.90.0010 Tomato paste, puree and sauces	Peru, Ecuador		13.6%	Yes	Nunis
2002.90.0040	2103.20.40					
2004.90.9040	Certain frozen sweet corn	Ecuador		17.5%	Yes	Macomber
2005.20.00	Certain potato products	Colombia		10.0%	Yes	Nunis
2008.30.37	Citrus fruit pulp, other than orange	Peru		15.0%	Yes	Salin
2008.99.80	Fruit and other edible plant pulps, n.e.s.o.i	Peru		15.0%	Yes	Williams
2009.11.00	Frozen concentrated orange juice	Bolivia		31.9%	Yes	Burket
2009.30.1020	2009.30.1040 Lime juice	Peru		1.9%	Yes	Rhodes
2009.30.2040						
2208.10.30	2208.10.60 Compound alcoholic preparations	Colombia		5.9%	Yes	Lipovsky
2208.40.00	2208.40.00(pt) Rum	Colombia		20.8%	Yes ²	Lipovsky
2936.28.00	3004.50.30 Vitamin E, in bulk or dosage form	Colombia		7.9%	Yes	Nesbitt

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS subheading(s) ¹	Short title	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>3005.10.50</u>	Bandages	Bolivia		7%	Yes	Randall
<u>3302.10.20</u>	Certain odoriferous mixtures	Peru		6.3%	Yes	Land
<u>3808.20.20</u>	Selected fungicides	Colombia		3.7%	Yes	Wanser
<u>3921.12.19</u>	Cellular PVC film or sheet combined with textiles	Colombia		5.3%	Yes	Taylor
<u>4412.11.20</u>	Hardwood plywood	Ecuador		7.9%	Yes	Westcot
<u>4412.12.50</u>						
<u>4412.29.30</u>						
<u>4412.99.50</u>						
<u>4421.90.50</u>	Flat veneer ware	Colombia		6.5%	Yes	Westcot
<u>5702.99.20</u>	Certain woven floor coverings	Bolivia		5.3%	Yes	Borsari
<u>5903.10.10</u>	Certain coated or laminated, cotton fabrics	Colombia		5.3%	Yes	Cook
<u>6406.10.7530</u>	Certain footwear uppers	Colombia		10.8%	Yes	Burns
<u>6907.90.00</u>	Certain ceramic floor and wall tiles	Colombia, Peru		19.1%	Yes	Lukes
<u>7004.90.25</u>	Clear, drawn sheet glass over 2 mm but not over 3.5 mm thick	Colombia		0.7%	Yes	Bedore
<u>7004.90.30</u>	Clear, drawn sheet glass over 3.5 mm thick	Colombia		0.4%	No	Bedore
<u>7013.29.10</u>	Certain household glassware	Colombia		21.9%	Yes	McNay
<u>7013.29.40</u>						
<u>7013.39.20</u>						
<u>7013.39.50</u>						
<u>7013.99.50</u>						
<u>7013.99.60</u>						
<u>7013.99.80</u>						

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS subheading(s) ¹	Short title	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
<u>7209.11.00</u>	Certain cold-rolled, flat-rolled products of high strength steel	Colombia		5.1%	Yes	Mascola
7209.13.00						
<u>7209.14.00</u>						
<u>7318.12.00</u>	Certain industrial fasteners	Colombia		12.5%	Yes	Brandon
<u>7413.00.10</u> ³	Stranded copper wire	Peru		4.9%	Yes	Yost
<u>7801.91.00</u>	Unwrought antimonial lead	Peru		3.5%	Yes	DeSapio
<u>7901.20.00</u>	Unwrought zinc alloys	Peru		19%	Yes	Lundy
<u>8211.91.20</u>	Stainless steel flatware valued under 25¢ each, not in sets	Colombia		18.1%	Yes	Laney-Cummings
8215.99.10						
<u>8211.91.25</u>	Stainless steel flatware valued at 25¢ each or greater, not in sets	Colombia		7.8%	Yes	Laney-Cummings
8215.99.35						
<u>8215.20.00</u>	Certain sets of assorted tableware articles	Colombia		15%	Yes	Laney-Cummings
<u>8301.10.60</u>	Certain padlocks	Peru		6.1%	Yes	Brandon
<u>8712.00.20</u>	Certain bicycles and parts	Colombia		5.7%	Yes	Seastrum
<u>9502.10.40</u>	Nonstuffed dolls not over 33 cm in height	Colombia		12%	Yes	Langer
<u>9502.10.80</u>	Certain nonstuffed dolls over 33 cm in height	Colombia		12%	Yes	Langer

¹ The first HTS subheading (underlined) is the Digest number.
² No U.S. production of HTS subheading 2208.40.00(pt) on January 3, 1985.
³ Waiver of competitive need limit requested by Peru.

COMMODITY DIGESTS

DIGEST NO. 0304.10.20(pt)

HAKE FILLETS

Hake Fillets¹

I. Introduction

Hake fillets: Harmonized Tariff Schedule (HTS) subheadings for digest products; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production.

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0304.10.20(pt)	Fresh or chilled hake fillets	1% AVE	Yes	[***]
0304.20.40(pt)	Frozen hake fillets	1% AVE	Yes	[***]

Description and uses.—Hake is a member of the cod family of finfish, related to cod, haddock, and other commercially important food fishes. It is most commonly consumed as cooked fillets, either at home or in restaurants. Almost all species of hake are found in the Atlantic Ocean, hence the U.S. industry is located along the coasts of New England and the Mid Atlantic States.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	500	500	500	500	0	500
Employment (1,000 employees).....	5	5	5	5	0	5
Shipments (1,000 dollars).....	1,668	2,833	4,104	3,041	22	*3,500
Exports (1,000 dollars).....	241	455	533	774	48	1,105
Imports (1,000 dollars).....	19,010	20,536	28,503	21,556	4	21,852
Consumption (1,000 dollars).....	20,437	22,914	32,074	23,823	5	*24,247
Import to consumption ratio (percent).....	93	90	89	90	-1	*90
Capacity utilization (percent).....	75	75	75	75	0	75

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Hake are harvested in U.S. waters by approximately 450 fishing vessels, employing about 4,000 crewmembers. The harvested hake are processed into fillets in about 50 on-shore fish processing plants, employing about 1,000 persons. Both the fishing vessels and processing plants produce fish products other than hake, which accounts for a small share of the total value of their output. The main competitive advantages held by U.S. producers over foreign competitors are transportation costs, which is an important advantage in marketing fresh hake, a highly perishable product. On price, quality, and other competitive factors, U.S. producers are equally competitive with foreign suppliers.

¹This digest includes the following HTS subheadings: 0304.10.20(pt) and 0304.20.40(pt).

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	21,852	100	-	*90
Imports from GSP countries:				
Total ¹	3	(²)	100	(* ²)
Mexico.....	3	(²)	100	(* ²)

¹ There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

² Less than 0.1 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 17

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... n/a

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Petitioner, the Foreign Trade Institute of Peru, requests duty-free treatment of U.S. imports of hake fillets from Peru. The petitioner states that such products received duty-free treatment under the TSUS, and that such imports were classified under TSUS items 110.1593 and 110.1597, both with a zero duty.

The petitioner states that one of the beneficiaries of GSP status of the subject imports would be Mexico (the only current GSP supplier); Venezuela (which does not currently export the subject product to the U.S. market) "is also expected to boost its exports" of the subject product.

The petitioner states that duty-free treatment of the subject imports would enable Peru to expand production, enabling Peruvian processors to offer "higher wages and salaries and a decrease in the underemployed labor in plant." At the same time, the petitioner states that such duty-free treatment would enable processors to convert from "manual" processing to the "vacuum" system of automated processing.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0304.10.20		-	-	-	-	1.0
	110.52.65 (25%)	-	-	-	1.1	-
	110.55.65 (25%)	1.5	1.3	1.0	-	-
0304.20.40		-	-	-	-	1.0
	110.52.70 (25%)	-	-	-	1.2	-
	110.55.70 (25%)	1.6	1.4	1.2	-	-

Table I.

Digest Title: Make fillets
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	9,782	11,683	15,673	12,804	13,301
Iceland.....	5,579	5,637	7,384	5,592	5,942
Faroe Islands....	0	0	0	1,051	883
Norway.....	734	566	1,213	947	702
Denmark.....	1,931	1,562	2,277	466	364
Korea.....	221	354	1,024	318	255
United Kingdom...	278	302	484	171	216
China.....	5	0	0	45	67
St Pierre & Miq..	120	113	137	31	57
New Zealand.....	9	16	5	2	13
Japan.....	186	176	170	43	11
Netherlands.....	69	50	48	5	10
Finland.....	2	8	0	0	7
Portugal.....	1/	3	18	1/	7
Spain.....	1	5	1	1	7
All other.....	92	62	67	81	9
Total.....	19,010	20,536	28,503	21,556	21,852
GSP Total 2/..	36	7	18	18	3
GSP+4 2/.....	257	360	1,043	342	258
Percent					
Canada.....	51.5	56.9	55.0	59.4	60.9
Iceland.....	29.3	27.4	25.9	25.9	27.2
Faroe Islands....	.0	.0	.0	4.9	4.0
Norway.....	3.9	2.8	4.3	4.4	3.2
Denmark.....	10.2	7.6	8.0	2.2	1.7
Korea.....	1.2	1.7	3.6	1.5	1.2
United Kingdom...	1.5	1.5	1.7	.8	1.0
China.....	1/	.0	.0	.2	.3
St Pierre & Miq..	.6	.5	.5	.1	.3
New Zealand.....	1/	.1	1/	1/	.1
Japan.....	1.0	.9	.6	.2	.1
Netherlands.....	.4	.2	.2	1/	1/
Finland.....	1/	1/	.0	.0	1/
Portugal.....	1/	1/	.1	1/	1/
Spain.....	1/	1/	1/	1/	1/
All other.....	.5	.3	.2	.4	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.2	1/	.1	.1	1/
GSP+4 2/.....	1.4	1.8	3.7	1.6	1.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Hake fillets
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	92	364	390	586	301
France.....	11	15	4	11	258
Canada.....	58	28	54	65	187
Malaysia.....	0	0	0	1/	178
United Kingdom...	10	10	42	21	55
Bermuda.....	15	2	4	3	30
Mexico.....	9	1	1	1	24
Bahamas.....	1	1/	1/	1/	16
Taiwan.....	1	1	2	3	13
Hong Kong.....	1/	2	1	2	12
Norway.....	0	0	1/	1	10
Cayman Is.....	1	1/	1/	1/	7
Denmark.....	1/	4	1	6	4
Dominican Rep....	1	0	0	1/	3
West Germany.....	8	1	5	3	2
All other.....	34	26	29	70	6
Total.....	241	455	533	774	1,105
GSP Total 2/..	35	5	7	7	263
GSP+4 2/.....	40	26	29	66	289
Percent					
Japan.....	38.3	80.0	73.1	75.8	27.2
France.....	4.7	3.4	.7	1.4	23.3
Canada.....	24.1	6.1	10.2	8.4	16.9
Malaysia.....	.0	.0	.0	1/	16.1
United Kingdom...	4.0	2.3	7.8	2.6	5.0
Bermuda.....	6.1	.5	.8	.4	2.7
Mexico.....	3.8	.2	.1	.2	2.2
Bahamas.....	.2	1/	1/	1/	1.5
Taiwan.....	.4	.3	.3	.3	1.2
Hong Kong.....	1/	.5	.3	.2	1.1
Norway.....	.0	.0	1/	.2	.9
Cayman Is.....	.3	1/	1/	1/	.6
Denmark.....	1/	.9	.1	.8	.4
Dominican Rep....	.3	.0	.0	1/	.2
West Germany.....	3.2	.3	1.0	.4	.1
All other.....	14.3	5.6	5.5	9.1	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.4	1.0	1.3	.9	23.8
GSP+4 2/.....	16.5	5.8	5.3	8.6	26.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0306.14.20

CRABMEAT

Crabmeat¹

I. Introduction

Crabmeat: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects -on U.S. imports/production
0306.14.20	Crabmeat, frozen	7.5	Yes	[***]
0306.24.20	Crabmeat, not frozen	7.5	Yes	[***]
1605.10.20	Crabmeat, in airtight containers	11	Yes	[***]

Description and uses.—This digest covers frozen crabmeat (HTS item 0306.14.20), crabmeat, other than frozen (HTS item 0306.24.20), and crabmeat in airtight containers (HTS item 1605.10.20). The crabmeat classified in the first two HTS items may be fresh, chilled frozen, dried, salted, or in brine, but not otherwise prepared or preserved. The crabmeat classified in the third HTS item is in airtight containers, usually either canned or in vacuum-packed plastic. The crabmeat in airtight containers may be prepared or preserved in any manner.

Virtually all crabmeat is cooked in order to be removed from the shell. There are numerous species of crab throughout the world from which crabmeat is produced. Such species range from the relatively small blue crab, such as those found in the warm waters of the Gulf of Mexico, South Atlantic Ocean, and the Chesapeake Bay, to the relatively large king crab, found in the cold waters of the North Pacific Ocean and the Bering Sea. Crabmeat is used as an ingredient in main courses of meals as well as in soups, salads, and appetizers.

¹This digest includes the following HTS subheadings: 0306.14.20, 0306.24.20, and 1605.10.20.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**65	**65	**65	**65	**-	**65
Employment (1,000 employees).....	**4,000	**4,000	**4,000	**4,000	**-	**4,000
Shipments (1,000 dollars).....	*160,224	*157,064	*175,517	*151,764	*-2	**161,000
Exports (1,000 dollars) ³	**5,656	**24,697	**40,577	**18,754	**49	**50,391
Imports (1,000 dollars).....	70,216	95,717	88,053	79,261	4	58,109
Consumption (1,000 dollars).....	**224,784	**228,084	**222,993	**212,271	**-	**168,718
Import to consumption ratio (percent).....	**31	**42	**39	**37	**6	**34
Capacity utilization (percent).....	**80	**80	**80	**80	**-	**80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Estimated by the staff of the U.S. International Trade Commission.

Comment.—The U.S. crabmeat industry generally comprises small-scale producers located near crab harvesting areas. The major form of crabmeat produced in the United States is fresh, cooked blue crabmeat, followed by fresh, cooked dungeness crabmeat and canned blue and dungeness crabmeat. U.S. crabmeat producers possess certain competitive advantages vis-a-vis foreign competitors, mainly in the market for fresh crabmeat. These advantages include proximity to crab-harvesting areas and markets, superior quality with respect to freshness (as fresh crabmeat has a limited shelf life), and long-term supply relationships in the major marketing channel—the hotel and restaurant trade. For the frozen and canned crabmeat market, the U.S. industry's competitive position is less advantageous. This is the major reason for the primacy of fresh crabmeat in U.S. production.

A potential competitive weakness of U.S. producers of crabmeat vis-a-vis foreign producers concerns resource limitations. U.S. crab resources are essentially fixed and are subject to annual variations caused by exogenous factors, such as weather and biological cycles. In the event there is a shortage of domestic supplies of crabs available for crabmeat production, foreign supplies of crabmeat may increase to satisfy U.S. demand. In addition, the bulk of crab harvests in the United States is consumed in shell, either live or frozen. This market competes for scarce crab resources against the crabmeat sector, particularly in periods of short supplies. U.S. crabmeat production is seasonal, with the bulk of production occurring during late spring through early fall. Production in GSP countries, particularly in the Andean group, is less seasonal and either may be shipped to the U.S. market in a less variable manner than U.S. shipments or may be concentrated during the off season for U.S. production. However, crab resources are essentially limited throughout the world and are subject to the same exogenous factors as are U.S. resources. This fact may limit any advantage held by foreign suppliers with regards to crab resources.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	58,109	100	-	**34
Imports from GSP countries:				
Total ¹	28,771	50	100	**17
Thailand.....	7,985	14	28	**5
Malaysia.....	7,251	13	25	**4
Venezuela.....	5,949	10	21	**4
Mexico.....	1,646	3	6	**1

¹Imports from Bolivia, Ecuador, Peru, and Colombia were negligible in 1989.

Comment.—U.S. imports of crabmeat covered in this digest are subject to special duty treatment. Imports from Israel are eligible for duty-free treatment under the United States-Israel Free Trade Area Implementation Act of 1985. Imports from countries designated as beneficiary countries for purposes of the Caribbean Basin Economic Recovery Act are also eligible for duty-free treatment. Imports from Canada, the leading foreign supplier, are subject to staged duty reductions under the United States-Canada Free-Trade Agreement Implementation Act of 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1989..... 4 _____

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... NA _____

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The petitioner for GSP treatment for the crabmeat covered in this digest is the Government of Colombia, specifically the Instituto Colombiano de Comercio Exterior and the Fondo de Promocion de Exportaciones, Banco de la Republica. These two agencies are responsible for GSP petitions affecting Colombian trade in all products, including crabmeat. The petitioner states that GSP treatment for crabmeat, specifically, will foster the growth of an infant industry for the product, and, generally, will provide economic alternatives to the U.S.-Colombian drug trade, thus promoting Colombian economic development and stability and contributing to the U.S. Government's war on drugs.

Digest No.
0306.14.20

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0306.14.20	114.1500 (90%)	-	-	-	-	7.5
		7.5	7.5	7.5	7.5	-
0306.24.20	114.1500 (10%)	-	-	-	-	7.5
		7.5	7.5	7.5	7.5	-
1605.10.20	114.2040 (100%)	-	-	-	-	11
		11	11	11	11	-

Table I.

Digest Title: Crabmeat
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	38,605	51,041	35,002	31,501	19,077
Thailand.....	7,005	6,680	6,269	7,653	7,985
Malaysia.....	5,034	5,110	6,508	5,570	7,251
Venezuela.....	5,339	7,338	3,478	2,681	5,949
Korea.....	4,391	10,184	19,858	17,202	4,677
Chile.....	3,388	4,047	4,347	3,964	3,236
Japan.....	3,323	5,810	6,000	3,803	1,938
China.....	607	852	1,834	2,693	1,888
Mexico.....	27	66	785	1,417	1,646
Turkey.....	0	0	0	277	1,237
Switzerland.....	4	0	171	282	1,183
Indonesia.....	0	54	0	54	879
Taiwan.....	1,730	2,067	1,804	534	290
Hong Kong.....	0	525	617	675	282
Argentina.....	38	264	55	276	257
All other.....	725	1,679	1,324	678	334
Total.....	70,216	95,717	88,053	79,261	58,109
GSP Total 2/..	21,059	24,814	22,607	22,498	28,771
GSP+4 2/.....	27,328	37,999	45,005	40,979	34,020
Percent					
Canada.....	55.0	53.3	39.8	39.7	32.8
Thailand.....	10.0	7.0	7.1	9.7	13.7
Malaysia.....	7.2	5.3	7.4	7.0	12.5
Venezuela.....	7.6	7.7	4.0	3.4	10.2
Korea.....	6.3	10.6	22.6	21.7	8.0
Chile.....	4.8	4.2	4.9	5.0	5.6
Japan.....	4.7	6.1	6.8	4.8	3.3
China.....	.9	.9	2.1	3.4	3.2
Mexico.....	1/	.1	.9	1.8	2.8
Turkey.....	.0	.0	.0	.3	2.1
Switzerland.....	1/	.0	.2	.4	2.0
Indonesia.....	.0	.1	.0	.1	1.5
Taiwan.....	2.5	2.2	2.0	.7	.5
Hong Kong.....	.0	.5	.7	.9	.5
Argentina.....	.1	.3	.1	.3	.4
All other.....	1.0	1.8	1.5	.9	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	30.0	25.9	25.7	28.4	49.5
GSP+4 2/.....	38.9	39.7	51.1	51.7	58.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0603.10.60

FRESH CUT ROSES

Fresh Cut Roses

I. Introduction

Fresh cut roses: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0603.10.60	Fresh cut roses	8	Yes	[* * *]

Description and uses.—Roses are members of the Rosaceae family; at least 100 species and thousands of varieties are known to exist. The three most commercially important types of these relatively expensive flowers are the sweethearts, intermediates, and the hybrid teas. Cut roses are used in wreaths and bouquets for ceremonial occasions and for general decorative purposes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	*243	*228	*273	*260	*2	**260
Employment (1,000 employees)..	*4	*4	*4	*4	*0	*4
Shipments (1,000 dollars)....	151,321	151,204	182,779	182,853	7	**172,060
Exports (1,000 dollars).....	**900	**900	**1,000	**1,600	**21	**1,300
Imports (1,000 dollars).....	42,375	46,431	48,168	62,755	14	75,312
Consumption (1,000 dollars)...	**192,796	**196,735	**229,967	**244,028	**8	**246,072
Import to consumption ratio (percent).....	**22	**24	**21	**26	**6	**31
Capacity utilization (percent).....	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Data are for hybrid tea rose growers only.

⁴Data are not meaningful in an agricultural industry.

Note.—Shipment data for 1985 and 1986 can not be compared with 1987-89 because of a change in the data base of the U.S. Department of Agriculture.

Comment.—Domestic shipments declined from a high of \$183 million in 1987 and 1988 to an estimated \$173 million in 1989. There is no significant concentration of growers producing roses, although California does account for the largest number of growers and production.

U.S. produced fresh cut roses enjoy certain qualitative advantages over most import varieties. Domestic roses take up water better than the imported Visa variety and are less prone to bend or break at the neck. The domestic rose also has an advantage over certain South America varieties in that the flower head opens more widely, whereas the Visa rose generally remains closed. Some South American growers, however, are planting new varieties that may improve the quality of their export product.

Domestic growers are better able to regulate the timing of their production to meet peak demand periods by the way they pinch the rose plants as well as regulate the temperature and the overall environment in the greenhouse. In comparison, some foreign growers, such as those in Colombia and several other Latin American countries, do not have the ability to control the greenhouse environment.

Eastern U.S. growers, and to a lesser extent growers in California and Colorado, are able to supply a majority of their customers' needs within 24 hours. This comparative advantage has allowed U.S. growers to deliver and command a premium for the freshness of their roses. California and Colorado growers are generally not able to compete on the basis of freshness outside of their local area; instead, they must compete with foreign growers primarily on the basis of price.

Labor is a major cost item in the production of fresh cut roses. Domestic rose growers have a labor cost disadvantage compared with Colombia, and other Latin American countries which have an abundance of low cost labor. Labor costs for rose production in Colombia is reported to average about \$5.00 to \$6.00 per day compared with U.S. labor costs of over \$6.00 per hour.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	75,312	100	-	**31
Imports from GSP countries:				
Total.....	72,267	96	100	29
Colombia.....	56,416	75	78	23
Mexico.....	7,186	10	10	3
Ecuador.....	4,349	6	6	2
Guatemala.....	2,540	3	4	1
Other Andean countries ¹	130	(²)	(²)	(²)

¹Data are for Bolivia and Peru.

²Less than 0.5 percent.

Comment.—U.S. imports of fresh cut roses from GSP eligible countries have increased steadily during 1985–89 and have accounted for 95 to 96 percent of total imports during the period. Colombia accounts for the bulk of U.S. imports, however, Mexico, Ecuador, and Guatemala have been increasing their share of the import market at the expense of Colombia. Colombia, the principal U.S. supplier, is not eligible to receive benefits from GSP treatment because it exceeds the competitive need criteria.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. demand?..... High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term?..... Yes No
 Does the country have significant export markets besides the
 United States?..... Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes No
 What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Quality compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. demand?..... High Moderate Low
 Can production in the country be easily expanded or contracted in
 the short term?..... Yes No
 Does the country have significant export markets besides the
 United States?..... Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes No
 What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Quality compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Ecuador for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No X

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for Guatemala for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No X

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>N/A</u>			
Price elasticity:				
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>
	Low	<input type="checkbox"/>		<input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>
	Low	<input type="checkbox"/>		<input type="checkbox"/>
Price level compared with—				
U.S. products.....	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/>
	Below	<input type="checkbox"/>		<input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent	<input type="checkbox"/>
	Below	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Quality compared with—				
U.S. products.....	Above	<input type="checkbox"/>	Equivalent	<input type="checkbox"/>
	Below	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent	<input type="checkbox"/>
	Below	<input type="checkbox"/>		<input checked="" type="checkbox"/>

Comment.—Imports of fresh cut roses have been steadily capturing U.S. market share; accounting for 31 percent of U.S. consumption in 1989. Imports of fresh cut roses imported from GSP eligible countries increased steadily over the period 1985–89; accounting for 96 percent of imports in 1989. Colombia, the principal U.S. supplier, has been losing import market share to other GSP eligible countries over the last 5 years. [

* * *

]. Foreign suppliers have been able to take market share from Colombia by offering roses at prices below those of Colombia. Although the unit value of imports from Mexico are higher than those from Colombia and other GSP suppliers, Mexico has an advantage over other suppliers with regard to transportation costs and proximity to major west coast U.S. markets.

V. Position of interested parties

Petitioner.—The Government of Bolivia stated that the granting of GSP treatment to fresh cut roses would be beneficial to the Bolivian economy and would increase employment in the agricultural sectors.

The Government of Ecuador stated that the granting of GSP treatment would increase employment in the agricultural sector of the economy and would increase export earnings that would help to pay for imports of material and equipment necessary to continue development.

Support.—The Department of Agriculture of Hawaii is not opposed to the granting of GSP benefits to fresh cut roses. The Department stated that "Since the total amount of imports of roses is at a much larger scale than that produced in Hawaii, and the amount imported from Bolivia accounts for a very small proportion of the total imports, the elimination of duties on roses from Bolivia may have no significant effect on the State's economy."

Florists' Transworld Delivery Association (FTD) supports the granting of GSP treatment to fresh cut roses. FTD stated "We are ready to do our part and assist in expanding market opportunities in the United States to absorb additional floral products which could displace drug crops in the economies of the Andean Nations."

Opposition.—Senator Orin G. Hatch of Utah is opposed to the granting of GSP treatment to fresh cut roses. Senator Hatch stated "A review of the salient facts affecting the U.S. rose industry evidences without any reasonable doubt the inappropriateness of the relief sought by the petitioner states. A steadily declining U.S. market share of cut flowers, and especially the rose market, does not provide favorable conditions for granting GSP status to the petitioners."

Senator Connie Mack of Florida on behalf of Garner Farms, Inc. is opposed to the granting to foreign growers any preferential treatment on imports of cut flowers or waiving of the competitive need limitations. Foreign cut flower producers do not need or deserve any further preferential treatment to enter the U.S. market.

Congressman Paul E. Kanjorski of Pennsylvania is opposed to exempting roses imported from Bolivia and Ecuador from all U.S. tariffs, and any waiver of the competitive needs limitations under the Generalized System of Preferences. Congressman Kanjorski stated that "Since 1971, even with standard tariffs in place, the proportion of the U.S. rose market taken over by imports has grown dramatically—from a minuscule 0.2 of 1 percent to 37.9 percent in 1988. . . .At this rate the U.S. rose industry, and even our entire cut flower industry could be putout. That risk will grow substantially if we completely drop all tariffs."

Congressman Robert Carr opposes the granting of GSP treatment to fresh cut flowers. Congressman Carr stated "Knowing the industry situation as well as I do, I cannot impress upon you enough the need to keep a level playing field in the domestic cut flower industry and not allow the foreign dumping of this product. Roses should not be added to the GSP list nor should any preferential treatment be given to imports of fresh cut flowers."

Mayor Pamela Slater on behalf of the City of Encinitos, CA opposes the granting of GSP treatment on fresh cut flowers, including fresh cut roses. Mayor Slater stated that "As a flower growing city, we are concerned that the U.S. government is using the cut flower market as a bargaining tool in the drug war."

The Floral Trade Council in testimony and in a written statement stated that it "strongly opposes the granting of duty-free treatment for roses from Bolivia and Ecuador under the Generalized System of Preferences. The Council also stated that "We also oppose Presidential waiver of the competitive needs limitation under the GSP program, and any change in the current limitations where total imports are de minimus. Off-shore producers of roses really don't need any preferential treatment or any further incentives to use the U.S. rose market. At the present time, the rose industry has given up some 40 percent of the U.S. market to imported roses, most of which come from the Andean countries. Even with standard tariffs in place, coupled in many cases by added tariffs for dumping and countervailing, cut flower importers have virtually taken over U.S. cut flower markets."

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in

January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The California Floral Council and the California State World Trade Commission are opposed to the granting of GSP treatment to fresh cut roses. These organizations believe that the U.S. rose growing industry is import sensitive, and is currently struggling with import penetration. They believe that the economic hardship on California rose growers would far outweigh what little benefit will accrue to the Andean nations.

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

Friesell Nursery is opposed to the elimination of U.S. import duties on fresh cut rose under the GSP. These growers support the position of the Floral Trade Council and believe that U.S. growers and labor can not compete with labor rates of fresh cut flower workers in foreign countries.

Aebi Nursery is opposed to the elimination of U.S. import duties on fresh cut rose under the GSP. These growers support the position of the Floral Trade Council and believe that U.S. growers and labor can not compete with labor rates of fresh cut flower workers in foreign countries.

Thompson Rose Company, Inc. does not support granting GSP treatment to fresh cut roses from Bolivia and Ecuador. Thompson Rose Company, Inc. maintains that "While not being important importers of roses currently, these two countries could, without any duty, place themselves right in the middle of our U.S. rose market. This placement would be under our cost of growing, as well as, under the cost of growing of the larger non-preferential Latin American producers."

Digest No.
0603.10.60

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0603.10.60	192.1800 (100%)	-	-	-	-	8
		8	8	8	8	-

Table I.

Digest Title: Fresh cut roses
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Colombia.....	35,383	37,619	37,344	49,211	56,416
Mexico.....	1,843	2,619	2,940	5,011	7,186
Ecuador.....	75	597	1,409	2,095	4,349
Guatemala.....	807	1,214	1,778	2,074	2,540
Netherlands.....	1,782	1,974	1,950	2,115	2,096
Costa Rica.....	362	500	548	477	783
Canada.....	331	416	573	544	647
Dominican Rep....	205	288	387	461	307
Venezuela.....	78	13	48	115	305
France.....	23	48	115	186	170
Bolivia.....	0	1	15	63	130
Israel.....	1,104	567	312	115	99
United Kingdom...	0	0	4	1	42
Jamaica.....	37	179	410	115	36
New Zealand.....	0	1	0	0	35
All other.....	347	396	335	172	171
Total.....	42,375	46,431	48,168	62,755	75,312
GSP Total 2/..	40,072	43,767	45,320	59,837	72,267
GSP+4 2/.....	40,072	43,778	45,325	59,837	72,269
Percent					
Colombia.....	83.5	81.0	77.5	78.4	74.9
Mexico.....	4.3	5.6	6.1	8.0	9.5
Ecuador.....	.2	1.3	2.9	3.3	5.8
Guatemala.....	1.9	2.6	3.7	3.3	3.4
Netherlands.....	4.2	4.3	4.0	3.4	2.8
Costa Rica.....	.9	1.1	1.1	.8	1.0
Canada.....	.8	.9	1.2	.9	.9
Dominican Rep....	.5	.6	.8	.7	.4
Venezuela.....	.2	1/	.1	.2	.4
France.....	.1	.1	.2	.3	.2
Bolivia.....	.0	1/	1/	.1	.2
Israel.....	2.6	1.2	.6	.2	.1
United Kingdom...	.0	.0	1/	1/	.1
Jamaica.....	.1	.4	.9	.2	1/
New Zealand.....	.0	1/	.0	.0	1/
All other.....	.8	.9	.7	.3	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	94.6	94.3	94.1	95.3	96.0
GSP+4 2/.....	94.6	94.3	94.1	95.3	96.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0709.10.00

ARTICHOKES, FRESH OR PICKLED

Artichokes, Fresh or Pickled¹

I. Introduction

Artichokes, fresh or pickled; Harmonized Tariff Schedule (HTS) subheadings for digest products; short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; probable effects on U.S. imports and production.

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0709.10.00	Globe artichokes, fresh or chilled	25	Yes	[[**]]
2001.90.25	Artichokes prepared or preserved by vinegar or acetic acid	12	Yes	[[**]]

Description and uses.—The term "artichoke" generally refers to the edible dense composite flower heads of the Cynara scolymus plant. Compact, tender heads are best produced in an area without frost but with cool and foggy summers. Due to the climatic requirements, the vast majority of U.S. artichokes are grown in the coastal regions of California. In addition to marketing artichokes fresh, they may be frozen or canned, the latter prepared by marinating in brine or vinegar, packing in oil, or packing in water. The prepared artichokes of this digest include those preserved by vinegar or acetic acid, but do not include canned artichokes otherwise prepared or preserved (HTS 2005.90.80).

¹This digest includes the following HTS subheadings: 0709.10.00 and 2001.90.25.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**62	**65	67	**69	**3	**72
Employment (1,000 employees).....	**2	**2	**2	**2	**0	**2
Shipments (1,000 dollars).....	**34,000	**34,400	**33,600	**33,900	**-	**33,900
Exports (1,000 dollars) ³	1,405	1,882	1,954	2,281	11	1,248
Imports (1,000 dollars).....	5,495	5,795	7,945	8,055	10	11,190
Consumption (1,000 dollars).....	**39,895	**40,195	**41,545	**41,955	**2	**45,090
Import to consumption ratio (percent).....	**15	**14	**19	**19	**7	**25
Capacity utilization (percent) ⁴	**80	**80	**80	**80	**-	**80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³U.S. exports consist almost exclusively of fresh artichokes.

⁴The number for capacity utilization was derived from the assumption that cropland is being utilized at 100 percent, whereas the processing facilities, which operate during the two main seasons for artichokes, may be further used if the product was available on a more regular and less seasonal basis.

Comment.—The majority of U.S. artichokes are marketed fresh. The U.S. market for prepared or preserved artichokes of this digest is supplied by one domestic processor and by imports. The domestic company is owned by artichoke growers and processes an estimated one-fourth of U.S. fresh artichoke production.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	11,190	100	1	**25
Imports from GSP countries:				
Total ¹	211	2	100	** ⁽²⁾
Chile.....	146	1	69	** ⁽²⁾
Colombia ³	45	⁽²⁾	21	** ⁽²⁾
Peru ³	17	⁽²⁾	8	** ⁽²⁾
Mexico ³	3	⁽²⁾	1	** ⁽²⁾

¹Imports from Colombia, Peru, Bolivia, and Ecuador accounted for less than one percent of all U.S. imports in 1989.

²Less than 0.5 percent.

³Imports entirely of fresh or chilled artichokes.

Comment.—In 1989, imports of artichokes preserved in vinegar or acetic acid accounted for 99 percent of the digest imports. Imports of fresh or chilled artichokes in 1989 were valued at \$99,000 and were entirely from Colombia, Chile, Peru, and Mexico; GSP countries supplied 67 percent of the imports of fresh or chilled artichokes. Imports of otherwise prepared or preserved artichokes (HTS 2005.90.80), not a digest product, were valued at \$24,169,000.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness Profiles, GSP Suppliers—Continued

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Colombia requests that artichokes from Colombia be made eligible as GSP items according to 19 U.S.C. 2463(a). According to the petition, Colombian production of artichokes is new and small, employing only 500 people. However, Colombia states in its petition that as a result of its current economic difficulties, the production of agricultural products such as artichokes is needed both as a foreign exchange earner and as an employer. [

]

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, and vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advise deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0709.10.00 ¹		-	-	-	-	25
	137.97.75 (8%)	25	25	25	25	-
2001.90.25		-	-	-	-	12
	141.76.00 (100%)	12	12	12	12	-
	141.92.00 ³ (0%)	17.5	17.5	17.5	17.5	-

¹"Globe artichokes, fresh or chilled, whether or not reduced in size" (HTS 0709.10.00) is a new breakout in the HTSUS.

²Artichokes "packed in alst, in brine, or pickled."

³Artichokes "otherwise prepared or preserved."

Table I.

Digest Title: Artichokes, fresh or pickled
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Spain.....	5,094	5,493	7,453	6,970	10,401
Italy.....	177	79	217	607	574
Chile.....	11	1/	1	19	146
Colombia.....	0	18	1/	1/	45
Peru.....	0	0	0	0	17
West Germany.....	1/	0	0	0	3
Mexico.....	120	90	143	326	3
Canada.....	26	17	21	21	0
Guatemala.....	0	1/	3	1/	0
Costa Rica.....	1/	0	1/	1	0
Jamaica.....	3	1	5	2	0
Dominican Rep....	8	8	7	13	0
Dominica.....	1/	0	0	0	0
St Vinc & Gren...	0	1/	0	0	0
Grenada.....	1/	0	0	0	0
All other.....	55	87	95	96	0
Total.....	5,495	5,795	7,945	8,055	11,190
GSP Total 2/..	146	123	170	381	211
GSP+4 2/.....	151	125	199	382	211
Percent					
Spain.....	92.7	94.8	93.8	86.5	93.0
Italy.....	3.2	1.4	2.7	7.5	5.1
Chile.....	.2	1/	1/	.2	1.3
Colombia.....	.0	.3	1/	1/	.4
Peru.....	.0	.0	.0	.0	.2
West Germany.....	1/	.0	.0	.0	1/
Mexico.....	2.2	1.6	1.8	4.0	1/
Canada.....	.5	.3	.3	.3	.0
Guatemala.....	.0	1/	1/	1/	.0
Costa Rica.....	1/	.0	1/	1/	.0
Jamaica.....	.1	1/	.1	1/	.0
Dominican Rep....	.1	.1	.1	.2	.0
Dominica.....	1/	.0	.0	.0	.0
St Vinc & Gren...	.0	1/	.0	.0	.0
Grenada.....	1/	.0	.0	.0	.0
All other.....	1.0	1.5	1.2	1.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	2.7	2.1	2.1	4.7	1.9
GSP+4 2/.....	2.7	2.2	2.5	4.7	1.9

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
07091000Digest Title: Artichokes, fresh or pickled
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	704	734	696	940	748
Mexico.....	34	21	17	33	109
Japan.....	65	103	134	271	63
Hong Kong.....	32	37	51	20	57
Australia.....	4	2	10	18	39
Philippines.....	1/	1/	1/	1	32
Sweden.....	3	5	5	9	22
Singapore.....	4	3	9	6	22
Korea.....	7	5	5	8	21
New Zealand.....	1	1	2	1	17
Antigua.....	0	0	0	78	16
France.....	1/	2	2	1	15
Panama.....	13	13	10	7	15
Fr Polynesia.....	3	21	32	36	13
United Kingdom...	13	10	46	43	9
All other.....	522	923	934	808	51
Total.....	1,405	1,882	1,954	2,281	1,248
GSP Total 2/..	503	900	922	879	205
GSP+4 2/.....	548	952	1,004	918	310
Percent					
Canada.....	50.1	39.0	35.6	41.2	59.9
Mexico.....	2.4	1.1	.9	1.5	8.8
Japan.....	4.6	5.5	6.8	11.9	5.0
Hong Kong.....	2.3	2.0	2.6	.9	4.5
Australia.....	.3	.1	.5	.8	3.2
Philippines.....	1/	1/	1/	1/	2.5
Sweden.....	.2	.2	.3	.4	1.8
Singapore.....	.3	.1	.5	.3	1.7
Korea.....	.5	.3	.3	.4	1.7
New Zealand.....	.1	.1	.1	.1	1.3
Antigua.....	.0	.0	.0	3.4	1.3
France.....	1/	.1	.1	1/	1.2
Panama.....	.9	.7	.5	.3	1.2
Fr Polynesia.....	.2	1.1	1.6	1.6	1.0
United Kingdom...	.9	.5	2.3	1.9	.7
All other.....	37.1	49.1	47.8	35.4	4.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	35.8	47.9	47.2	38.5	16.4
GSP+4 2/.....	39.0	50.6	51.4	40.3	24.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0709.20.10

ASPARAGUS, FRESH AND PROCESSED

Asparagus, Fresh and Processed¹

I. Introduction

Asparagus, fresh and processed: Harmonized Tariff Schedule (HTS) subheadings; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings ¹	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0709.20.10	Asparagus, fresh or chilled, not reduced in size, transported by air and entered from Sept. 15 to Nov. 15	5%	Yes	[***]
0709.20.90	Asparagus, fresh or chilled, other	25%	Yes	[***]
0710.80.9510	Asparagus, frozen, uncooked or cooked by steaming or boiling in water, reduced in size	17.5%	Yes	[***]
2005.60.00	Asparagus, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	17.5%	Yes	[***]

¹Also under GSP review is asparagus, prepared or preserved otherwise than by vinegar or acetic acid, frozen, under the vegetable basket class HTS 2004.90.9080; and frozen asparagus in mixtures of two or more vegetables under the vegetable basket class HTS 0710.90.90.

Description and uses.—Asparagus is the edible shoot (spear) of the asparagus plant, a deep-rooted perennial which must mature for several years before the first harvest and may produce for many years. Asparagus spears can be marketed as green or white, depending on the depth to which the plant's root crown is covered with soil. Green asparagus is most often served as a cooked vegetable, either plain or with various sauces. White asparagus is also frequently served cooked, but probably more often used as a salad vegetable.

¹This digest includes the following HTS subheadings: 0709.20.10, 0709.20.90, 0710.80.9510, and 2005.60.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number) ³	**3030	**3030	**3030	**3030	**0	**3030
Employment (1,000 employees) ⁴	**15	**18	**18	**19	**8	**19
Shipments (1,000 dollars).....	**145,000	**149,700	**149,600	**159,000	**3	**165,000
Exports (1,000 dollars).....	15,058	14,666	22,592	37,785	36	40,126
Imports (1,000 dollars).....	15,692	18,916	21,996	25,423	17	22,307
Consumption (1,000 dollars).....	**145,634	**153,950	**149,004	**146,638	** ⁵	**148,039
Import to consumption ratio (percent).....	**11	**12	**15	**17	**16	**15
Capacity utilization (percent).....	**60	**60	**60	**60	**0	**60

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Data represent the estimated number of processors plus approximately 3,000 fresh asparagus growers.

⁴Data represent estimated employment in processing operations (approximately 9,000-11,600) plus estimated employment in fresh asparagus growing operations (approximately 5,600-6,800). Figures shown are estimated full-time annual equivalent.

⁵Less than 0.5 percent.

Comment.— Seasonal production patterns and the perishability of fresh asparagus are important factors affecting the U.S. market for asparagus. Most of the asparagus produced domestically is harvested during February to June, while imports are greatest during September to December. Prices vary based on the season; the first fresh asparagus to market in early spring is priced between 25 and 50 percent more at wholesale than fresh product harvested later in the year. Acreage harvested has expanded to meet the growing demand for fresh asparagus, while the asparagus processing industry has held steady or declined.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	22,307	100	-	**15
Imports from GSP countries:				
Total ¹	19,411	87	100	**13
Mexico.....	14,467	65	75	**10
Peru.....	2,049	9	11	**1
Argentina.....	94	(2)	(2)	** (2)
Guatemala.....	49	(2)	(2)	** (2)

¹Imports from Colombia and Ecuador combined were \$25,000 in 1989; there were no imports from Bolivia.

²Less than 1 percent.

Comment.—Over 80 percent of U.S. asparagus imports were in fresh form in 1989. The following tabulation shows the value and share of 1989 imports of digest products by HTS subheading:

Subheading	Imports (\$1,000)	Share of digest total (percent)
0709.20.10	2,418	11
0709.20.90	16,708	75
0710.80.9510	152	1
2005.60.00	3,029	13

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—The petitioners, Peru, Colombia, and Ecuador, would gain in competitiveness as a result of duty-free treatment. Peru has a sizable domestic asparagus industry and could gain market share if duties were removed. Exports to the United States, particularly of fresh asparagus, are expected to expand significantly in percentage terms. Peru and, to a lesser extent, Colombia export asparagus to other countries. Some of these exports would likely be diverted to the United States if U.S. duties were removed.

Peru ranks second as a source of canned asparagus imports to the United States, and plans to increase canning capacity. Peru's main competitors in canned asparagus are China and Taiwan, neither of which is eligible for GSP.

Other foreign suppliers, particularly Mexico and Chile, have more substantial asparagus industries than these Andean countries. Mexico and Chile are unlikely to gain from the change in GSP status; Mexico exceeds competitive need limits and Chile currently is ineligible for GSP status. Asparagus from Guatemala already enters the United States duty-free under the Caribbean Basin Economic Recovery Act.

V. Position of interested parties

Petitioner.—The Governments of Peru and Colombia have requested that fresh and processed asparagus (HTS 0709.20.10, 0709.20.90, 0710.80.9510, and 2005.60.00) be added to the list of items eligible for duty-free treatment under the GSP. The petitioners, on behalf of processing and exporting firms, state that if asparagus were to be granted GSP status, their production and processing capacity would increase.

The Government of Peru further contends that principal production of asparagus is in the northern and central coasts, where jobs are provided for unskilled laborers from the Andean region of the country. The Government of Peru also states that more employment, and at improved wages, could be provided if GSP status were granted and duty-free treatment of Peru's shipments would also permit investments in the production and distribution system that would contribute to economic development objectives.

The Government of Colombia asserts that duty-free treatment will assist Colombian economic development with little or no harm to the U.S. asparagus industry. The Government of Colombia further states that Colombia's asparagus industry is new, and it integrates otherwise idle economic zones into the nation economy. Increased demand for asparagus will allow those involved in illegal agricultural production to shift resources to legitimate products. High duties and packaging and freight expenses have inhibited expansion of Colombia's fresh and processed asparagus exports to the United States. Econometric estimates of the effects of granting GSP status to asparagus support the argument that granting GSP status for asparagus would not have any noticeable impact on the domestic industry. The Government of Colombia denies that exporters receive subsidies, and suggests that the U.S. industry's concerns are misplaced because imports from Colombia arrive during the off-season for U.S. producers.

The Government of Ecuador, on behalf of Provefrut, S.A., a vegetable grower and processor, requested that fresh asparagus (HTS 0709.20.10 and 0709.20.90) be granted GSP status. The submission states that asparagus exports help to solve the high unemployment in Ecuador, as the production of asparagus is highly labor-dependent.

Opposition.—Members of the Michigan congressional delegation, Representative Bill Schuette, Guy Vander Jagt, Fred Upton, Paul Henry, William Broomfield, and Carl Pursell, oppose the granting of GSP status with regard to asparagus. They state that allowing more fresh, canned, frozen, and other processed asparagus to be imported will severely cripple the U.S. and Michigan asparagus industries.

Representative William M. Thomas expresses concern about the severe impact on U.S. producers from extending GSP benefits for asparagus, processed tomato products, olives, and citrus pulp and other citrus products. Representative Thomas states that most of the nation's fresh asparagus is grown in California, where grower incomes are already low. Imports will further depress prices, particularly for fresh product, he states. Colombia, Ecuador, and Peru are now competitive in the U.S. market, Representative Thomas asserts, and other countries, particularly Chile and Mexico, are likely to benefit more than the Andean nations if GSP status were granted.

Michigan State senator John M. Engler urges that GSP status for asparagus be denied, because of concern about the possible negative economic impact on the U.S. asparagus industry. The prospect of increased quantities of fresh, canned, frozen or otherwise processed asparagus on an increasingly saturated market is alarming. Costs of production are high, and Michigan farmers have made significant investments and production decisions based on current market projections. Eliminating tariffs for GSP countries would put Michigan producers in an unfair competitive position.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, and avocados, and vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The Washington State Department of Agriculture comments that granting duty-free status to asparagus will have a negative impact on the asparagus producing and food processing industries in Washington. Asparagus is a major cash crop for the State, providing over \$50 million to the economy and 16,000 jobs. The U.S. industry competes with asparagus imported from countries with much lower labor rates. Even with the tariff now in effect, Central and South American countries are competing favorably in the the fresh and processed asparagus markets in the United States.

The American Farm Bureau Federation is opposed to granting GSP benefits for the items under review. The Farm Bureau has opposed GSP since it was adopted in 1974, because Farm Bureau does not support unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. In January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The California Asparagus Growers Association, Sun World International, and Victoria Island Farms (CAGA, *et. al.*) oppose GSP status for fresh and processed asparagus. The fresh market offers the only opportunity for saving the asparagus industry in California, the growers state. Imports of fresh asparagus from Mexico have increased, and enter the United States during the early part of the season when prices are highest. Early saturation of the market with imports denies the top prices to California producers. Costs of production, particularly for labor, are much lower overseas than in the United States, which makes the California industry sensitive to imports. The petitioner Andean nations are already competitive in the U.S. asparagus market, CAGA *et. al.* contend. Imports from Andean nations and other GSP beneficiary countries would increase if duties were eliminated, which will undercut U.S. prices dramatically.

The Washington Asparagus Growers Association opposes GSP status based on the sensitivity of the U.S. asparagus market to imports and the current competitive levels of the petitioner countries. Imports are expected to increase if duties are eliminated, which will undercut U.S. prices dramatically, according to the Association. Washington State asparagus producers cannot compete with the low-priced imports. Arthur F. Krebs of D&K Frozen Foods, a Washington processor, reported that the company lost its contract with Safeway Stores because Chilean imports of frozen asparagus were priced about 20 percent below D&K's price. The Washington growers contend that the petitioner nations and other GSP countries have significant production and exports, and produce at lower cost than the U.S. industry. Peru offers tax rebates on exports, which supplement their labor and land cost advantages, according to the growers association. Washington State growers are further concerned that Latin American GSP beneficiaries can ship fresh product to the United States during seasons that compete with U.S. processed products, and at a time when U.S. prices are high. Carryover stocks of frozen and canned asparagus have been increasing, in part because imported fresh asparagus is available year round.

The Michigan Agricultural Cooperative Marketing Association (MACMA), on behalf of Michigan asparagus growers, opposes GSP status for fresh and processed asparagus. Asparagus imports in fresh, canned, frozen, or other forms are already overwhelming the U.S. markets, according to MACMA. Fresh asparagus, including product that enters "off-season" between September 15 and November 15, competes with processed asparagus in the domestic market and a part that cannot be sold as fresh is then processed to compete directly with domestic canned or frozen asparagus. Asparagus production in Michigan is labor intensive and requires significant investment. Growers are already facing prices below costs of production and prospects for alternative crops are limited. Prices for asparagus imported from Mexico and the petitioner countries are below the most competitive domestic price. These prices are considered totally unacceptable by MACMA and would cause many farmers to consider abandoning their crop or leaving farming.

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round of GATT talks, and may harm economic growth in recipient countries by encouraging allocation of resources to the preferentially treated product. The Florida Bureau states that GSP for additional agricultural products is inappropriate and damages U.S. farmers, because developing countries have competitive agricultural industries in place that use the latest technology and production techniques and often are trained or financed by U.S. sources.

The Oceana County (Michigan) Farm Bureau urges that asparagus not be added to the list of GSP commodities. Asparagus is, in many cases, the only remaining profit center in family farms in the county. Asparagus should not be used as a chess piece in fighting a drug war in the Andean countries, since this would erode the economic stability of Oceana County communities.

A.R. Walker of Norcal Crosetti Foods, Inc., states that granting GSP treatment for frozen asparagus will have a negative impact on the California frozen vegetable industry. While frozen asparagus imports in 1989 had little effect on the domestic industry, Mexico's vegetable freezing capacity has been growing, even without favorable tariff treatment. Offering duty-free treatment would provide more incentive for production of frozen asparagus destined for the United States, and destroy the domestic frozen vegetable industry, Mr. Walker contends. Jobs would be lost, and consumers would not necessarily enjoy lower prices.

Gerald Shafer of Maple Grove Farms in Michigan opposes duty-free treatment of asparagus. Asparagus production has improved the tax base and provided employment for farm laborers, local businesses, and processors in the county. Michigan growers will not be able to compete with imports from other countries that do not have equivalent costs of production and health and sanitation regulations. Most land on the farm is sandy and not suited for production of other crops.

Harold C. Rabe, a Michigan asparagus producer, opposes duty-free treatment of asparagus. Michigan growers abide by regulations regarding herbicide and pesticide use; what is the imported asparagus going to be like? Asparagus is one of Michigan's primary farm crops, and tariffs are important to fair treatment of growers in this country.

Stan and Sharon Hallack of Hallack Farms in Michigan oppose duty-free treatment of asparagus. Asparagus production makes up the majority of their county's economic strength, and it should not be traded away in the fight against drugs.

Glen and Diane Roundy, Washington State asparagus producers, expressed concern about possible duty-free treatment for asparagus.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0709.20.10	135.0300 (100%)	- 5	- 5	- 5	- 5	5 -
0709.20.90	135.0500 (100%)	- 25	- 25	- 25	- 25	25 -
0710.80.9510	138.4640 (100%)	- 17.5	- 17.5	- 17.5	- 17.5	17.5 -
2005.60.00	141.9300 (100%)	- 17.5	- 17.5	- 17.5	- 17.5	17.5 -

Table I.

Digest Title: Asparagus, fresh and processed
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	11,064	11,645	15,688	15,999	14,467
Chile.....	1,078	1,671	2,530	2,588	2,586
Peru.....	43	81	295	1,532	2,049
China.....	57	41	183	1,469	1,300
New Zealand.....	491	1,729	893	575	613
Taiwan.....	2,047	2,558	1,502	1,754	304
Spain.....	200	282	220	390	278
Canada.....	127	54	53	144	156
Hong Kong.....	71	34	112	491	194
Guatemala.....	57	75	109	98	49
Argentina.....	17	50	0	47	94
Belgium.....	52	164	57	50	62
Netherlands.....	23	89	36	20	49
New Caledonia....	0	0	0	0	32
Colombia.....	1/	11	38	136	21
All other.....	364	431	280	127	53
Total.....	15,692	18,916	21,996	25,423	22,307
GSP Total 2/..	12,383	13,592	18,710	20,485	19,411
GSP+4 2/.....	14,537	16,212	20,359	22,731	19,909
Percent					
Mexico.....	70.5	61.6	71.3	62.9	64.8
Chile.....	6.9	8.8	11.5	10.2	11.6
Peru.....	.3	.4	1.3	6.0	9.2
China.....	.4	.2	.8	5.8	5.8
New Zealand.....	3.1	9.1	4.1	2.3	2.7
Taiwan.....	13.0	13.5	6.8	6.9	1.4
Spain.....	1.3	1.5	1.0	1.5	1.2
Canada.....	.8	.3	.2	.6	.7
Hong Kong.....	.5	.2	.5	1.9	.9
Guatemala.....	.4	.4	.5	.4	.2
Argentina.....	.1	.3	.0	.2	.4
Belgium.....	.3	.9	.3	.2	.3
Netherlands.....	.1	.5	.2	.1	.2
New Caledonia....	.0	.0	.0	.0	.1
Colombia.....	1/	.1	.2	.5	.1
All other.....	2.3	2.3	1.3	.5	0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	78.9	71.9	85.1	80.6	87.0
GSP+4 2/.....	92.6	85.7	92.6	89.4	89.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
07092010Digest Title: Asparagus, fresh and processed
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	2,530	7,137	9,017	18,586	19,875
Canada.....	9,502	3,953	6,738	9,108	11,088
Switzerland.....	373	626	1,039	1,813	2,661
United Kingdom...	1,275	1,372	1,900	2,829	2,178
Italy.....	129	392	1,447	2,617	1,029
West Germany.....	1/	18	39	224	648
Hong Kong.....	268	319	359	460	462
Netherlands.....	140	9	107	447	432
Australia.....	38	22	94	245	391
Mexico.....	151	231	1,098	56	306
Sweden.....	72	126	184	186	215
Norway.....	82	46	98	65	128
Singapore.....	5	21	8	141	84
Haiti.....	1/	1/	39	174	65
Iceland.....	36	46	66	60	62
All other.....	455	347	360	775	499
Total.....	15,058	14,666	22,592	37,785	40,126
GSP Total 2/..	317	444	1,255	442	602
GSP+4 2/.....	602	793	1,691	1,128	1,183
Percent					
Japan.....	16.8	48.7	39.9	49.2	49.5
Canada.....	63.1	27.0	29.8	24.1	27.6
Switzerland.....	2.5	4.3	4.6	4.8	6.6
United Kingdom...	8.5	9.4	8.4	7.5	5.4
Italy.....	.9	2.7	6.4	6.9	2.6
West Germany.....	1/	.1	.2	.6	1.6
Hong Kong.....	1.8	2.2	1.6	1.2	1.2
Netherlands.....	.9	.1	.5	1.2	1.1
Australia.....	.3	.2	.4	.6	1.0
Mexico.....	1.0	1.6	4.9	.1	.8
Sweden.....	.5	.9	.8	.5	.5
Norway.....	.5	.3	.4	.2	.3
Singapore.....	1/	.1	1/	.4	.2
Haiti.....	1/	1/	.2	.5	.2
Iceland.....	.2	.3	.3	.2	.2
All other.....	3.0	2.4	1.6	2.1	1.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	2.1	3.0	5.6	1.2	1.5
GSP+4 2/.....	4.0	5.4	7.5	3.0	2.9

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0710.22.30

CERTAIN FROZEN VEGETABLES, NESOI

Certain Frozen Vegetables, NESOI¹

I. Introduction

Certain frozen vegetables, nesoi: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading(s)	Short description ¹	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
0710.22.30 ²	Beans, nesoi, frozen (uncooked, or blanched), not reduced in size ³	8.7	Yes	[* * *]
0710.80.9550	Vegetables, nesoi, frozen (uncooked, or blanched), reduced in size, not mixed.	17.5	Yes	[* * *]
0710.90.90	Vegetable mixtures, nesoi, frozen (uncooked, or blanched), whether or not reduced in size.	17.5	Yes	[* * *]
2004.90.9080	Vegetables and vegetable mixtures, nesoi, prepared or preserved otherwise than by vinegar or acetic acid, frozen.	17.5	Yes	[* * *]

¹Nesoi means not elsewhere specified or included in the HTSUS.

²Probable economic effects advice was provided for frozen green beans under this HTS subheading in the 1989 annual review of additions to the GSP. On Apr. 27, 1990, the Office of the United States Trade Representative announced their decisions on annual GSP changes. In that announcement, new products added to the GSP as a result of the 1989 annual product review and 1989 trade included "string beans" provided for in the current HTS subheading 0710.22.30, which is to be provided for in a new HTS subheading 0710.22.25.

³Effective Jan. 1, 1990, subheading 0710.22.3000 was divided statistically into two parts at the request of Canada, for "green and wax" beans and "other" beans.

Description and uses.—This digest consists of four major frozen vegetable basket categories; out of six such frozen vegetable basket categories in the HTSUS.² By the very nature of tariff-rate basket classes, especially of vegetables, there are a large number of different kinds of products covered in this digest.

The principal products provided for under frozen beans, nesoi, HTS subheading 0711.22.30, are green beans, wax or yellow snap beans, lima beans (including shelled lima beans) entered from June 1 to October 31, and black-eye cowpeas; other kinds of beans are also included.

HTS subheading 0710.80.9550 provides for all reduced in size frozen vegetables that are uncooked, or cooked by steaming or boiling in water, other than leguminans vegetables, spinach, sweet corn, bamboo shoots, water chestnuts, mushrooms, tomatoes, brussels sprouts, asparagus, broccoli, cauliflower, and okra.

HTS subheading 0710.90.90 provides for all mixtures of frozen vegetables (including the vegetables named above under HTS 0710.80.9550) that are uncooked, or cooked by steaming or boiling in water, other than mixtures of pea pods and water chestnuts.

¹This digest includes the following HTS subheadings: 0710.22.30, 0710.80.9550, 0710.90.90, and 2004.90.9080.

²A basket category is an HTS subheading providing for two or more different kinds of vegetables. The two frozen vegetable basket categories not included in GSP review in this digest are (1) frozen beans reduced in size (HTS 0710.22.40), and (2) frozen vegetables, nesoi, not reduced in size (HTS 0710.80.70), which is currently GSP eligible.

HTS subheading 2004.90.9080 provides for all frozen vegetables and mixtures of frozen vegetables that are prepared or preserved otherwise than by vinegar or acetic acid, except for potatoes, antipasto, beans, carrots, sweet corn, and peas. Articles under this subheading may be in butter sauce, cream sauce, cheese, or other ingredients, or may be cooked or baked before being frozen.

Most of the vegetables of this digest are high in protein and low in calories and are generally used as a cooked vegetable, or are served whole, sliced, or chopped as a side dish, in salads or soups or as a relish.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985	1989
Producers (number) ³	**110	**110	**110	**110	-	**110
Employment (1,000 employees)....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars) ⁵	**347,000	**359,000	**358,000	**360,000	**1	**360,000
Exports (1,000 dollars).....	10,756	13,241	13,843	20,251	23	35,343
Imports (1,000 dollars).....	16,871	27,794	22,896	24,749	14	29,049
Consumption (1,000 dollars).....	**353,115	**373,553	**367,053	**364,498	**1	**353,706
Import to consumption ratio (percent).....	**5	**7	**6	**7	**12	**8
Capacity utilization (percent)..	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989. In this digest of four basket classes, by the very nature of tariff-rate basket classes, and the large number of different kinds of vegetables covered, the allocation of trade in HTSUS terms from the former tariff schedules by country of origin is not precise and in some cases may be misleading. The 1985-88 total trade at the digest level, however, is believed to represent a fair general-picture for digest product trade levels.

²This figure represents the average annual rate of change during 1985-1988.

³Freezers only; in addition, several thousands of producers grow these vegetables under contracts for digest freezers.

⁴Not available.

⁵Estimated production is adjusted for double counting in vegetable mixtures; production quantities were converted to values at 35 cents per pound. Reported data for 1989 is not yet available.

Comment.—The U.S. vegetable freezing industry consists of many small regional producers competing with several large national and multi-national processors. The larger firms process principally under their own private labels for distribution nationwide; in addition, they compete directly with regional firms for regional brand products. Although quality, service, brand loyalty/preference, and non-price purchasing incentives are important to most processors, price is often the most important issue for intermediate and end-use consumers in determining where or from whom they purchase their frozen product.

U.S. frozen vegetable production (other than potatoes), as reported by the American Frozen Food Institute (AFFI) covers 36 different frozen vegetable products, of which an estimated 21 are digest products other than mixtures. The AFFI reports production for 14 different frozen mixed vegetable combinations, all of which are covered by this digest. The number of producers of each of the frozen vegetable product categories reported ranges from 1 to 29 producers. The following

tabulation shows the estimated U.S. production of digest frozen vegetables, and the total reported U.S. production of frozen vegetable mixtures for 1985-88 (in millions of pounds):

<u>Year</u>	<u>U.S. production of digest products</u>	
	<u>Digest frozen vegetables</u>	<u>Mixtures of frozen vegetables</u>
1985	573	576
1986	606	576
1987	623	571
1988	599	614

The above production is not additive because part of the digest frozen vegetables are used in combination with non-digest frozen vegetables to produce frozen vegetable mixtures. The U.S. production of non-digest frozen vegetables (other than potatoes) was 2,335 million pounds in 1988.

In the international vegetable freezing industry, access to a steady and abundant supply of raw vegetables is a major cost advantage for any country, along with a favorable climate for raw-vegetable production. The major foreign sources for U.S. imports of frozen vegetables possess such advantages. In addition to comparable processing technology, available transportation, and export-marketing expertise, Mexico, in particular, has the added advantage to U.S. production of low-cost labor. The petitioners, Colombia, Ecuador, and Peru, share in many of the same advantages as Mexico, although currently on a much smaller scale.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	29,049	100	-	**8
Imports from GSP countries:				
Total ¹	10,007	34	100	**3
Mexico.....	6,219	21	62	**2
Guatemala.....	1,262	4	13	** ⁽²⁾
Dominican Republic.....	596	2	6	** ⁽²⁾
Costa Rica.....	526	2	5	** ⁽²⁾

¹Imports from the Andean suppliers Bolivia, Colombia, Ecuador, and Peru were negligible in 1989.

²Less than 0.5 percent.

In 1989, GSP suppliers provided 34 percent of the imports of digest products as a whole, however, their share for individual HTS subheadings in this digest ranged from 17 percent to 52 percent. Mexico was the predominant GSP supplier for each of the digest subheadings except for the subheading on certain beans,¹ accounting for 10 to 33 percent of total imports in such classes. The following tabulation shows 1989 digest imports by HTS subheading and the shares by Mexico and all GSP suppliers:

Digest subheading	1989 Imports (1,000)	Share Supplied by—	
		All GSP suppliers (percent)	Mexico (percent)
0710.22.30.....	2,873	17	3
0710.80.95 50.....	10,725	40	31
0710.90.90.....	5,468	52	33
2004.90.90 80.....	9,983	21	10
Total.....	29,049	34	21

The HTS subheadings for frozen vegetable mixtures (HTS 0710.90.90 and 2004.90.9080) accounted for 53 percent of the digest imports.

It is relevant to examine imports of all frozen vegetables because all frozen vegetable mixture import classes are included in the digest. Imported mixtures may be constituted of any combination of frozen vegetables, such as combinations that when imported singly the ingredient vegetables are all currently GSP eligible, or combinations of GSP and non-GSP eligible articles, or combinations of all non-GSP eligible articles. It is noted that the duty savings, if GSP benefits were made effective, on frozen vegetable mixtures would be 17.5 percent ad valorem. Equally relevant is the duty on frozen vegetables when entered singly. For example, the rate of duty for both frozen broccoli and frozen cauliflower is also 17.5 percent, both of which are non-GSP eligible articles². The duty savings would apply to frozen broccoli and cauliflower if mixed at the time of entry into the United States, even if entered in industrial-size tote bins of 1,000 pounds or more each. (Such containers are typical in the frozen vegetable industry for warehousing.) U.S. imports of all dutiable frozen vegetables (those having general, column 1 duties) entered in 1989, for both GSP

¹In 1989, El Salvador was the predominate GSP supplier of frozen beans, nesoi (HTS 0710.22.30), accounting for 8 percent of total imports for the subheading.

²For additional information on frozen broccoli and frozen cauliflower see Commission report on Competitive Conditions in the U.S. Market for Asparagus, Broccoli, and Cauliflower, USITC publication 2136, Nov. 1988.

eligible on January 1, 1990, and non-GSP articles, are summarized in the following tabulation, by major vegetable, as named in the HTSUS:

<u>Frozen vegetable named in the HTSUS</u>	<u>Non-digest frozen vegetable imports in 1989 of—</u>	
	<u>Articles currently GSP eligible (\$1,000)</u>	<u>Articles not eligible for GSP (\$1,000)</u>
Beans.....	741	5,333
Broccoli.....	0	69,325
Brussels sprouts.....	2,605	249
Carrots.....	1,007	452
Cauliflower.....	0	18,611
Leguminous vegetables, other than beans and peas.....	2,758	332
Peas.....	25,916	1,032
Potatoes.....	0	24,795
Sweet corn ¹	0	11,167
Vegetables, nesoi, not reduced in size.....	9,317	0
All other.....	407	2,790
Total.....	42,751	136,086

¹Of these sweet corn imports, \$948,000 is currently under review for GSP benefits, see digest No. 2004.90.9040.

²Includes, in order of value, okra, mushrooms, tomatoes, spinach, asparagus, and fiddlehead greens.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products¹..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products¹..... Above ___ Equivalent X Below ___

Other foreign products..... Above X Equivalent ___ Below ___

¹Although the bulk of the frozen vegetables from Mexico are of a comparable quality to U.S. produced frozen vegetables, the Mexican product sells at a lower price because the costs of production are lower.

Competitiveness indicators for Guatemala for all digest products¹

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products²..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products²..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

¹Imports from this supplier are eligible for duty-free treatment under the CBERA.

²Although the bulk of the frozen vegetables from Guatemala are of a comparable quality to U.S. produced frozen vegetables, the Guatemalan product sells at a lower price because the costs of production are lower.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—¹

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹Not available for digest as a whole; quality would vary by commodity and producer, foreign and domestic.

Comment.—In addition to Mexico, and the Andean Group petitioners, other countries that have or have the potential for a frozen vegetable industry that would stand to benefit by GSP treatment for digest products are Argentina, Brazil, Egypt, the Philippines, Thailand, Turkey, Venezuela, and Yugoslavia.

V. Position of interested parties

Petitioner.—The petitioners for articles of this digest were the Governments of Colombia, Ecuador, and Peru. The Government of Colombia requested GSP benefits for frozen cassava under HTS 0710.80.9550¹ and for certain frozen asparagus under HTS 2004.90.9080. The Government of Ecuador requested GSP benefits for frozen green beans under HTS 0710.22.30. And the Government of Peru requested GSP benefits for frozen lima beans entered from June 1 to October 31 under HTS 0710.22.30, for frozen baby zucchini under HTS 0710.80.9550, and for mixtures of frozen vegetables, including "corn, potatoes, carrots, green peas, cauliflower, celery, among others," under HTS 0710.90.90. The petitioners appeared at the public hearing in support of their requests for GSP status.

Opposition.—Members of the Michigan congressional delegation, Bill Schuette, Guy Vander Jagt, Fred Upton, Paul Henry, William Broomfield, and Carl Pursell, oppose the granting of GSP status with regard to asparagus. They state that allowing more fresh, canned, frozen, and other processed asparagus to be imported will severely cripple the U.S. and Michigan asparagus industries.

Congressman Elton Gallegly of California expressed concern over the possible duty-free treatment of imports of frozen vegetable mixtures containing broccoli under the Generalized System of Preferences.

Senator John M. Engler, Majority Leader of the Senate of the State of Michigan, requests that the U.S. Trade Representative deny the petitions to add asparagus to the Generalized System of Preferences status. The Senator states that the prospect of increased quantities of fresh, canned, frozen, or otherwise processed asparagus imports (including frozen vegetable mixtures containing asparagus) on an increasing saturated market is alarming. He further stated that Michigan asparagus growers have made large capital expenditures and production decisions based on current market projections, and that eliminating import tariffs by adding asparagus to the GSP would put Michigan asparagus farmers at an unfair competitive position when trying to compete with countries where wage rates for 1.0 to 1.5 days equals that of 1 hour in Michigan.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The City Council of the City of Watsonville, California, by Resolution No. 120-90 adopted on April 10, 1990, opposes any reduction in the tariff on imported frozen vegetables. The resolution stated that: agriculture and food processing represent a mainstay of the economic life of Watsonville and the Pajaro Valley; frozen vegetable imports already represent nearly half the frozen vegetables consumed in the United States; lifting the frozen vegetable tariff of 17.5 percent would substantially damage the competitiveness of the Watsonville food processing industry and cause the loss of thousands of jobs; and, the resolution stated, it is estimated that 1,000 people remain unemployed as a consequence of damage to Watsonville's downtown in the October 17, 1989, earthquake.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

¹Frozen cassava is being classified by the U.S. Customs Service under HTS subheading 2008.99.65, the provision for yucca, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included. HTS subheading 2008.99.65 is currently GSP eligible. In keeping with the headnotes to chapter 7 of the HTSUS, cassava and similar roots and tubers with high starch or inulin content provided for in heading 0714 of chapter 7 are not vegetables within the meaning of headings 0701 to 0709, therefore, frozen cassava is not classified as a vegetable. Conversation with the U.S. Customs National Import Specialist, on Apr. 18, 1990.

The Michigan Agricultural Cooperative Marketing Association, Inc. (MACMA) presented briefs and testimony in opposition to GSP treatment for all fresh and processed asparagus products, including frozen mixtures of two or more vegetables that included asparagus. Frozen vegetable mixtures that are under review for GSP treatment are HTS subheadings 0710.90.90 and 2004.90.9080. (See separate digest on asparagus for additional position statements of MACMA.)

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

Smith Frozen Foods, Inc. of Weston, Oregon (Smith), a privately held corporation processing frozen vegetables, opposes GSP treatment for frozen vegetables. The firm employs 900 seasonal employees and is concerned that duty-free treatment will negatively affect Smith's business and the industry in Umatilla County of Eastern Oregon. The firm states further that such GSP treatment has the potential to put Smith and many other U.S. processors out of business. They stated that Smith annually produces between 12 percent and 15 percent of the United States' total production of frozen green peas, sweet corn, carrots and baby lima beans. Central and South American countries have distinct advantages in labor rates over U.S. firms, Smith stated, and freight rates do not off-set these advantages in labor as ocean freight to East Coast and Gulf ports would be equal to or less than Smith's overland rates, they asserted.

Patterson Frozen Foods, Inc., a privately-held vegetable processor located in Patterson, California, is against the elimination of import duties under the Generalized System of Preferences for frozen broccoli, frozen cauliflower, and mixtures of frozen vegetables containing broccoli or cauliflower (under HTS subheading 0710.90.90). "The existing tariff currently supplies domestic processors with an important tool that assists us in struggling to maintain domestic market share within a highly-competitive market place," Patterson stated. The firm stated that their concern regarding the granting of GSP status to these products is that such a change not only affects the petitioners from the Andean countries but all eligible developing nations. Citing USITC publication No. 2136 on the Competitive Conditions in the U.S. Market for Asparagus, Broccoli, and Cauliflower, and citing "fair treatment" and "fair wages" provided to workers by domestic processors, and the cost of compliance with various regulations administered by the USDA, FDA, EPA, OSHA, and State regulating bodies, Patterson said that the processor outside of the United States "has an economic advantage which translates into a lower cost to do business which gives them greater economic flexibility within the U.S. marketplace." Should the tariff be lifted and GSP granted, the current California domestic frozen vegetable industry would be devastated, Patterson asserted, and foreign processors with GSP status would have the ability to lower prices by 17.5 percent and maintain the same margin as they currently enjoy. Patterson said that GSP-status "would jeopardize the over 300 jobs at our facility that involve the processing of these products."

Norcal Crosetti Foods, Inc., of Watsonville, California, a processor of frozen vegetables, testified regarding the negative impact of frozen vegetable imports on the California frozen vegetable industry. The product on the list for consideration of favorable treatment under the GSP that they have strongest concern for is frozen asparagus, however, the firm stated, as far as the negative impact on the California frozen vegetable industry is concerned all products are very similar, including mixtures of frozen vegetables containing broccoli or cauliflower.

Digest No.
0710.22.30

[Probable economic effects advice deleted.]

Digest No.
0710.22.30

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and TSUSA/HTS col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0710.22.30 ¹		-	-	-	-	8.7
	135.1000 ² (90% ³)	5.7	10.2	5.2	5.6	-
	135.1600 ² (80% ³)	9.5	5.6	10.0	9.8	-
	135.8000 ² (90%)	8.2 ⁴	10.9 ⁴	8.8 ⁴	10.1 ⁴	-
0710.80.9550		-	-	-	-	17.5
	138.4650 (⁵)	17.5	17.5	17.5	17.5	-
0710.90.90		-	-	-	-	17.5
	138.4100 (100%)	17.5	17.5	17.5	17.5	-
	138.4650 (30%)	17.5	17.5	17.5	17.5	-
2004.90.9080		-	-	-	-	17.5
	141.8900 (⁶)	17.5	17.5	17.5	17.5	-

¹The specific rate is 7.7 cents per kilogram.

²The specific rate was 3.5 cents per pound.

³The TSUSA item was for fresh, chilled, or frozen product and the allocation to frozen is now known to have been overstated.

⁴All, or most, imports of this product, black-eye cowpeas, entered free of duty under CBERA; the AVE is calculated on the value of all imports.

⁵Allocations were not made to the HTS on a 10-digit bases, and this TSUSA item is not included in allocated trade for this HTS item.

⁶Allocations were not made to the HTS on a 10-digit basis, but for purposes of 1985-88 imports for this digest, 75 percent of the TSUSA item is allocated.

Table 1.
Certain frozen vegetables, n.e.s.o.i.
U.S. imports for consumption, principal sources, 1985-89¹

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	2,008	2,700	3,527	4,849	14,271
Mexico.....	11,479	21,641	15,210	15,869	6,219
Belgium.....	75	36	115	278	1,486
Guatemala.....	1,137	1,471	2,102	1,878	1,262
Dominican Republic.....	523	412	275	321	596
Taiwan.....	105	312	415	295	542
Costa Rica.....	9	14	9	3	526
Spain.....	39	35	53	23	512
New Zealand.....	(²)	(²)	(²)	(²)	464
United Kingdom.....	17	2	48	(³)	454
Israel.....	4	34	32	22	348
Hungary.....	0	0	0	7	315
Poland.....	(²)	(²)	(²)	(²)	240
El Salvador.....	277	310	436	244	224
China.....	(²)	(²)	(²)	(²)	198
All other.....	1,199	829	672	960	1,392
Total.....	16,871	27,794	22,896	24,749	29,049
GSP total ⁴	13,967	24,165	18,452	18,894	10,007
GSP+4 ⁴	14,091	24,517	18,892	19,208	10,649
Percent					
Canada.....	11.9	9.7	15.4	19.6	49.1
Mexico.....	68.0	77.9	66.4	64.1	21.4
Belgium.....	.4	.1	.5	1.1	5.1
Guatemala.....	6.7	5.3	9.2	7.6	4.3
Dominican Republic.....	3.1	1.5	1.2	1.3	2.1
Taiwan.....	.6	1.1	1.8	1.2	1.9
Costa Rica.....	.1	(³)	(³)	(³)	1.8
Spain.....	.2	.1	.2	.1	1.8
New Zealand.....	(²)	(²)	(²)	(²)	1.6
United Kingdom.....	.1	(³)	.2	(³)	1.6
Israel.....	(³)	.1	.1	.1	1.2
Hungary.....	.0	.0	.0	(³)	1.1
Poland.....	(²)	(²)	(²)	(²)	.8
El Salvador.....	1.6	1.1	1.9	1.0	.8
China.....	(²)	(²)	(²)	(²)	.7
All other.....	7.0	2.9	2.9	3.8	4.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP total ⁴	82.8	86.9	80.6	76.3	34.4
GSP+4 ⁴	83.5	88.2	82.5	77.6	36.7

¹Data for 1985-88 are estimated by assigned allocations made prior to the implementation of the HTS, from official statistics of the U.S. Department of Commerce; data for 1989 are compiled from official statistics of the U.S. Department of Commerce.

²Not separately available.

³Less than \$500 or less than 0.1 percent.

⁴These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

Note.—Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain frozen vegetables, n.e.s.o.i.
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	3,460	5,558	5,769	8,359	14,722
Hong Kong.....	459	744	475	1,018	3,619
Canada.....	1,382	1,407	1,711	2,347	2,304
Bermuda.....	963	1,149	1,258	957	1,713
Netherlands Ant..	0	0	0	333	1,617
Saudi Arabia.....	440	436	210	192	1,366
Kuwait.....	194	100	113	101	1,024
Aruba.....	204	197	325	575	886
Singapore.....	180	286	202	415	756
United Kingdom...	134	217	357	604	701
Australia.....	690	563	396	653	655
United Arab Em...	50	41	54	110	626
Mexico.....	110	262	123	130	572
Barbados.....	57	59	90	133	450
Bahamas.....	317	109	90	147	364
All other.....	2,114	2,114	2,671	4,178	3,967
Total.....	10,756	13,241	13,843	20,251	35,343
GSP Total 1/..	2,886	2,857	2,915	4,622	8,249
GSP+4 1/.....	3,580	3,957	3,658	6,265	13,058
Percent					
Japan.....	32.2	42.0	41.7	41.3	41.7
Hong Kong.....	4.3	5.6	3.4	5.0	10.2
Canada.....	12.8	10.6	12.4	11.6	6.5
Bermuda.....	9.0	8.7	9.1	4.7	4.8
Netherlands Ant..	.0	.0	.0	1.6	4.6
Saudi Arabia.....	4.1	3.3	1.5	.9	3.9
Kuwait.....	1.8	.8	.8	.5	2.9
Aruba.....	1.9	1.5	2.3	2.8	2.5
Singapore.....	1.7	2.2	1.5	2.0	2.1
United Kingdom...	1.2	1.6	2.6	3.0	2.0
Australia.....	6.4	4.3	2.9	3.2	1.9
United Arab Em...	.5	.3	.4	.5	1.8
Mexico.....	1.0	2.0	.9	.6	1.6
Barbados.....	.5	.4	.6	.7	1.3
Bahamas.....	2.9	.8	.6	.7	1.0
All other.....	19.7	16.0	19.3	20.6	11.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	26.8	21.6	21.1	22.8	23.3
GSP+4 1/.....	33.3	29.9	26.4	30.9	36.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0711.20.15
OLIVES, PROVISIONALLY PRESERVED

Olives, Provisionally Preserved¹

I. Introduction

Olives, provisionally preserved: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0711.20.15	Olives, provisionally preserved but unsuitable for immediate consumption, not pitted, tariff-rate quota ¹	2.4%	Yes ²	[* * *]
0711.20.25	Olives, provisionally preserved but unsuitable for immediate consumption, not pitted, other than tariff-rate quota	8.8%	Yes	[* * *]

¹The tariff rate is limited to the first 4,400 metric tons entered in a calendar year for the combined imports under HTS subheadings 0711.20.15 and 2005.70.13 for green-in-color olives in a saline solution in containers each holding more than 8 kilograms drained weight (17.6 pounds) and certified for specific use by the importer.

²Because the tariff-rate quota requires that the importer certify to U.S. Customs that the imported green-in-color olives are to be used for repacking or sale as green olives, the article description cannot apply to domestic product. The tariff-rate quota became effective Jan. 1, 1989 and was not applicable on Jan. 3, 1985. Nevertheless, provisionally preserved not pitted green olives were produced in the United States on Jan. 3, 1985.

Description and uses.—Olives are extremely bitter in their fresh state and must be processed to become edible. Green Spanish-style olives are processed by fermentation in a brine solution. Black California-style olives are processed by a caustic method and aerated; such olives are usually commercially labeled as ripe olives. Both of these styles of olives are prepared from unripe fruit that is harvested green in color. Other styles of edible olives are also made from unripe or ripe fruit (the color of ripe fruit is usually dark purple, brown, or black at harvest). Olive processors hold (inventory) unfinished olives in a brine, or saline, solution in barrels or large vats before the finished consumer product is processed and packaged in a brine of a lesser concentration.

The olives of this digest are whole olives with pits, green or not green in color, preserved by sulphur dioxide gas, in brine (meaning salt brine), in sulphur water or in other preservative solutions, but unsuitable in that state for immediate consumption. The olives of HTS subheading 0711.20.15 of this digest are further limited in description in that they must be green in color, in containers holding more than 8 kilograms, and comply with a use certification requirement. The olives of this digest may be used in the manufacture of Spanish-style or California-style olives, or may be "finished-product" olives in a state (of preservation) unsuitable for immediate consumption.

¹This digest includes the following HTS subheadings: 0711.20.15 and 0711.20.25.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	7	7	7	7	-	7
Employment (1,000 employees).....	(³)	(³)	(³)	(³)	-	(³)
Shipments (1,000 dollars).....	(³)	(³)	(³)	(³)	-	(³)
Exports (1,000 dollars).....	286	287	404	348	7	275
Imports (1,000 dollars).....	2,219	2,001	2,767	3,663	18	1,820
Consumption (1,000 dollars).....	(³)	(³)	(³)	(³)	-	(³)
Import to consumption ratio (percent).....	(³)	(³)	(³)	(³)	-	(³)
Capacity utilization (percent).....	**90	**90	**90	**90	-	**90

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—This product is for the most part, an intermediate-stage product between raw fruit and the manufacture of a finished consumer-ready product and, therefore, "consumption" of digest products and imports-to-consumption ratio data are not meaningful. Domestic shipments are negligible because processors produce this intermediate stage for their own consumption. Capacity utilization is an estimate of inventory capacity (tank storage) in use.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total ¹	1,820	100	-	(2)
Imports from GSP countries:				
Total.....	884	49	100	(2)
Mexico.....	668	37	76	(2)
Argentina.....	155	9	18	(2)
Turkey.....	29	2	3	(2)
Israel ³	8	(4)	1	(2)

¹There were no imports from the Andean Group suppliers Bolivia, Ecuador, Peru, and Colombia in 1989.

²Not available.

³Imports of provisionally preserved olives from Israel would be eligible for duty-free entry under the GSP, however, imports of these products during 1989 from Israel were excluded from duty-free entry under the provisions of the United States Free Trade Area Implementation Act of 1985.

⁴Less than 0.5 percent.

Comment.—Prior to the HTS virtually all olive imports were classified as "in brine," without distinction between those provisionally preserved and unsuitable for immediate consumption, as provided for in the items of this digest, and those ready for immediate use (provided for under subheading HTS 2005.70). The lack of distinction was due to an established customs practice for olives in the former tariff schedules, whereas the term "in brine" in the former schedule was defined as meaning provisionally preserved, it was not observed for olives. In addition to the HTS structure changes in converting into the HTS, the tariff structure for olive imports was extensively reorganized at the same time at the request of the domestic industry, and special tariff-quota concessions on green olives that were granted to the European Community were also implemented on January 1, 1989.

The 1985-88 import statistics in table 1 for products of this digest are allocated from former TSUSA item 148.4440, a provision for "olives in brine, not ripe and not pitted or stuffed, other, in containers each holding more than 0.3 gallon."

In 1989, Mexico was the principal supplier of the digest products, including non-GSP suppliers, in terms of quantity. The following tabulation shows the shares by all suppliers of the quantity of digest products imported, and the average unit price per kilogram, in 1989:

Source	Share of quantity (percent)	Average price (per kilogram)
Mexico.....	42	\$0.75
Spain.....	35	1.00
Argentina.....	14	.53
Greece.....	5	1.42
Portugal.....	2	1.31
Turkey.....	1	1.01
All other ¹	1	1.70

¹Chile, Israel, and Lebanon.

Because the duty rates are specific (7.4 cents per kilogram for non-quota digest olives) the ad valorem equivalent (AVE) of the duty rate is highest for suppliers with the lowest average price. The AVE for Argentina, for example, was 14.0 percent, and that for Mexico was 9.9 percent. Non-quota olives accounted for 97 percent of the digest imports, by quantity.

Imports under HTS subheading 0711.20.15, a digest item, are for a new (effective in 1989) tariff-rate quota provision with a limit of 4,400 metric tons per calendar year, and the quota is shared with imports under a non-digest item, HTS subheading 2005.70.13. In 1989, the quota-quantity of imports for these two green olive quota provisions were as follows:

<u>HTS subheading</u>	<u>Quota imports (metric tons)</u>
0711.20.15.....	58
2005.70.13.....	<u>1,779</u>
Total.....	1,837

It is likely that the products under review in this digest are not the same olive products envisioned by the petitioner to be exported. Almost all explanations in the petition imply a request for a finished processed olive product, rather than provisionally preserved olives for processing that are discussed in this digest. For example, under "Supporting Criteria" the petition refers to the difficulty in competing "with EC developed countries in the supplying of this product" to U.S. markets, in "the high cost of special packing (in Peru) as well as of the freight," and "as processed fruit, olives represent a great agricultural potential."

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?¹..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No X

Does the country have significant export markets besides the United States?..... Yes No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High Moderate X Low

Price level compared with—

U.S. products²..... Above Equivalent Below

Other foreign products, Argentina³..... Above X Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products⁴..... Above Equivalent Below

¹Price elasticity is high for supplemental supplies, however, nearly all of the U.S. demand is provided by captive supplies (U.S. growers). The only domestic consumers of digest products are U.S. processors.

²Not available because digest products are not traded domestically.

³Based on 1989 unit values of imports, the only information available, Mexico's product is valued higher than that of Argentina, the other significant GSP supplier in 1989.

⁴Not available.

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 4¹

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?²..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No X

Does the country have significant export markets besides the United States?..... Yes X No

Could exports from the country be readily redistributed among its foreign export markets?³..... Yes No

What is the price elasticity of import supply?..... High Moderate X Low

Price level compared with—

U.S. products³..... Above Equivalent Below

Other foreign products..... Above Equivalent Below X

Quality compared with⁴—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹This source appears to be a new supplier of provisionally preserved olives, if trade is accurately classified; there were virtually no imports from this source in the allocated 1985-88 trade.

²Price elasticity is high for supplemental supplies, however, nearly all of the U.S. demand is provided by captive supplies (U.S. growers). The only domestic consumers of digest products are U.S. processors.

³Not available because digest products are not traded domestically.

⁴Not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... NA

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?¹..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes ___ No X

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products²..... Above ___ Equivalent ___ Below ___

Other foreign products³..... Above ___ Equivalent ___ Below ___

Quality compared with³—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Price elasticity is high for supplemental supplies, however, nearly all of the U.S. demand is provided by captive supplies (U.S. growers). The only domestic consumers of digest products are U.S. processors.

²Not available because digest products are not traded domestically.

³Not available.

Comment.—GSP suppliers as a group supplied 49 percent of the digest imports, making them, as a group, the number one ranked supplier in 1989.

V. Position of interested parties

Petitioner.—The Government of Peru is the petitioner for "table black olives in brine, processed of different sizes and diameters." The petition further identifies the products to be exported as former TSUS items 148.46 and 148.48 for, respectively, as stated in the petition, "olives in brine, ripe, not pitted, not green in color and not packed in airtight containers of glass, metal, or glass and metal" and "other olives in brine, ripe, not pitted."¹ The petition cites HTS subheadings 0711.20.15 and 0711.20.25 for their requests. These subheadings provide for not pitted olives, provisionally preserved, but unsuitable in that state for immediate consumption (nearly all of which are green). The petitioner appeared at the public hearing in support of their request for GSP-status for olives.

Opposition.—The Honorable William M. Thomas of California submitted a written statement asserting that the U.S. olive industry remains import-sensitive and merits additional protection. He requested that duties be retained on all olive products, particularly on black olives. California's industry already faces serious competition in its black olive market, whereas imports accounted for 26 percent of the black ripe olive market in 1988, a significant increase over the 11 percent share by imports during the 1984/85 marketing year. He stated that "quality is less important than price to the pizza chains and food service firms in the commercial market, perhaps explaining the importation and processing into black ripe California styles of Spanish green and Mexican fresh olives by some firms." In view of the market penetration already achieved by foreign olives, he stated, duty-free products would endanger producer' position and removing duties would confer an additional advantage on imports. Congressman Thomas stated that the California Olive Association believes that elimination of duties on HTSUS 0711.20.15 articles would give importers a \$37 per metric ton advantage at the wholesale level, while eliminating tariffs on items dutiable under HTSUS 0711.20.25 would give importers as much as a \$74 per metric ton advantage. In keeping with the requirements of the GSP program, duties should be maintained on these articles both for exports from the Andean Nations Group and other BDC exporters, he concluded.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

¹Under the HTSUS, black olives, not pitted, and canned in airtight containers are dutiable under subheading 2005.70.50, and black olives, not pitted, packed in airtight containers of glass or metal other than being canned are dutiable under subheading 2005.70.70.

The California Olive Association, representing seven processors who commercially process virtually all of the U.S. production of canned ripe olives, opposes GSP duty-free treatment of olives. The olives under review are provisionally preserved, but unsuitable in that state for immediate consumption. The Association stated that such olives when washed clear of the temporary preservation solution are directly competitive with fresh olives, and after appropriate reprocessing such imported olives are directly competitive with California canned ripe olives. The Association asserts that the U.S. consumer demand for olives is relatively inelastic and that imports do not increase olive consumption. They stated that olives are highly import sensitive products because of their relative price inelasticity and because olive trees bear fruit for hundreds of years whereas production cannot be turned on and off, and, therefore, olives should not be subjected to GSP duty-free treatment (citing section 501(b)(10) of the Trade Act of 1975, as amended). The Association asserts that GSP duty-free treatment on olives would have serious adverse economic effects on U.S. olive growers, canners, and cannery workers.

In addition, the California Olive Association provided the following reasons (summarized briefly) for not granting GSP status to the provisionally preserved olives of this digest: GSP treatment would impair the value to the European Community of the 1988 trade agreement that resolved the citrus/pasta dispute and established the tariff quotas on olives; GSP treatment would give Israel an uncompensated concession incompatible with the U.S.-Israel FTA agreement because olives are one of a handful of commodities for which the duties for Israel were frozen until 1995; there is no statistical record, other than for 1989, on imports of the provisionally preserved olives classes that were created for the HTS and, therefore, there is no basis for informed judgement in estimating the probable effects of GSP status; GSP reviews for fresh olives, the closest description to provisionally preserved olives prior to the HTS, states the Association, because both are inedible, were rejected on two previous occasions; and five of the seven member canners of the Association are located in California counties designated by the U.S. Department of Labor's Employment and Training Administration as "Labor Surplus Area" counties, and thousands of independent growers and cannery workers would be adversely affected by the loss of their jobs and income to increased imports.

Digest No.
0711.20.15

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0711.20.15 ¹		-	-	-	-	2.4
	148.4440 ² (0%)	11.9	7.3	9.5	7.6	-
0711.20.25 ³		-	-	-	-	8.8
	148.4440 ² (55%)	11.9	7.3	9.5	7.6	-

¹The specific rate of duty is 3.7 cents per kilogram on the drained weight.

²The specific rate of duty was 20 cents per gallon.

³The specific rate of duty is 7.4 cents per kilogram on the drained weight.

Table I.

Digest Title: Olives, provisionally preserved
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Spain.....	1,314	1,265	1,396	2,357	735
Mexico.....	418	85	604	565	668
Greece.....	271	369	547	499	161
Argentina.....	4	0	0	0	155
Portugal.....	121	161	108	118	40
Turkey.....	0	0	0	4	29
Chile.....	0	0	0	10	20
Israel.....	28	14	19	16	8
Lebanon.....	0	0	1	2	5
Canada.....	12	7	20	10	0
Suriname.....	0	0	0	0	0
United Kingdom...	4	2	0	0	0
Netherlands.....	0	10	0	0	0
France.....	10	8	13	24	0
West Germany.....	0	0	3	0	0
All other.....	36	79	57	59	0
Total.....	2,219	2,001	2,767	3,663	1,820
GSP Total 2/..	456	105	633	596	884
GSP+4 2/.....	456	105	633	596	884
Percent					
Spain.....	59.2	63.2	50.4	64.3	40.4
Mexico.....	18.8	4.3	21.8	15.4	36.7
Greece.....	12.2	18.4	19.8	13.6	8.8
Argentina.....	.2	.0	.0	.0	8.5
Portugal.....	5.4	8.1	3.9	3.2	2.2
Turkey.....	.0	.0	.0	.1	1.6
Chile.....	.0	.0	.0	.3	1.1
Israel.....	1.2	.7	.7	.4	.4
Lebanon.....	.0	.0	1/	1/	.3
Canada.....	.6	.3	.7	.3	.0
Suriname.....	.0	.0	.0	.0	.0
United Kingdom...	.2	.1	.0	.0	.0
Netherlands.....	.0	.5	.0	.0	.0
France.....	.5	.4	.5	.7	.0
West Germany.....	.0	.0	.1	.0	.0
All other.....	1.6	4.0	2.1	1.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	20.6	5.3	22.9	16.3	48.6
GSP+4 2/.....	20.6	5.3	22.9	16.3	48.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
07112015Digest Title: Olives, provisionally preserved
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	212	258	343	293	212
Japan.....	0	2	21	2	32
United Kingdom...	0	0	0	0	16
Mexico.....	8	2	3	8	10
Panama.....	5	3	0	0	5
Guatemala.....	1	0	0	0	0
El Salvador.....	0	0	0	1	0
Honduras.....	0	0	0	0	0
Costa Rica.....	1	1	0	2	0
Bermuda.....	4	1	4	0	0
Jamaica.....	0	3	0	0	0
Haiti.....	1	0	24	0	0
Dominican Rep....	0	0	0	0	0
Grenada.....	1	0	0	0	0
Barbados.....	1	1/	0	0	0
All other.....	53	17	8	43	0
Total.....	286	287	404	348	275
GSP Total 2/..	40	14	37	13	15
GSP+4 2/.....	57	26	40	45	15
Percent					
Canada.....	74.3	89.8	85.0	84.4	77.0
Japan.....	.0	.7	5.2	.5	11.7
United Kingdom...	.0	.0	.0	.0	5.9
Mexico.....	2.9	.7	.8	2.2	3.5
Panama.....	1.6	.9	.0	.0	1.9
Guatemala.....	.2	.0	.0	.0	.0
El Salvador.....	.0	.0	.0	.2	.0
Honduras.....	.0	.0	.0	.0	.0
Costa Rica.....	.2	.3	.0	.5	.0
Bermuda.....	1.4	.3	1.0	.0	.0
Jamaica.....	.0	.9	.0	.0	.0
Haiti.....	.4	.0	6.0	.0	.0
Dominican Rep....	.0	.0	.0	.0	.0
Grenada.....	.4	.0	.0	.0	.0
Barbados.....	.2	1/	.0	.0	.0
All other.....	18.4	6.1	2.0	12.3	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.2	4.9	9.1	3.7	5.4
GSP+4 2/.....	20.1	9.1	9.8	12.8	5.4

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0714.10.00

CASSAVA, FRESH OR DRIED

Cassava, Fresh or Dried

I. Introduction

Cassava, fresh or dried: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0714.10.00	Cassava (Manioc), fresh or dried whether or not sliced or in the form of pellets.	25% ¹	Yes	[* * *]

¹The temporary modifications established pursuant to trade legislation for HTS item 0714.10.00, which became effective Jan. 1, 1990, under HTS subheading 9903.10.03, are as follows:
 Jan. 1, 1990 to June 30, 1990—22%
 July 1, 1990 to June 30, 1991—19%
 July 1, 1991 to Dec. 31, 1992—18.8%

Description and uses.—Cassava, also called tapioca, yuca, or manioc, is a tropical root crop that is used as a basic food staple in Latin America, Africa, and Asia. Two types are available, the sweet and the bitter. The sweet type, grown mainly for eating as a vegetable, is frequently used in soups and stews. The bitter type, grown for commercial purposes, is converted into meal, or flour and is used to make tapioca, food preparations, and animal foods.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	*1,336	*1,271	*1,206	*1,200	*-4	*1,190
Employment (1,000 employees).....	(4)	(4)	(4)	(4)	(4)	(4)
Shipments (1,000 dollars) ⁵	**2,200	**2,020	**1,840	**1,660	** -9	**1,580
Exports (1,000 dollars).....	(4)	(4)	(4)	(4)	(4)	15
Imports (1,000 dollars).....	(6)	(6)	(6)	(6)	(6)	2,313
Consumption (1,000 dollars).....	(4)	(4)	(4)	(4)	(4)	**3,878
Import to consumption ratio (percent).....	(4)	(4)	(4)	(4)	(4)	**60
Capacity utilization (percent).....	(4)	(4)	(4)	(4)	(4)	(4)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Farms.

⁴Not available.

⁵Production estimated by staff of ITC from Census of Agriculture, Puerto Rico, 1987 and phone call on Mar. 27, 1990 with Dade County Extension Service, Homestead, FL.

⁶Not available. Prior to 1989, imports of the products of this digest were included in a basket category which was allocated into 8 HTS subheadings. The allocation for products of this digest was zero.

Comment.—Cassava is produced commercially in Puerto Rico and Florida for consumption. All of the cassava produced in Florida and most of the cassava produced in Puerto Rico is reported to be consumed in the fresh form. In 1985, there were approximately 1,336 farms in Puerto Rico producing cassava. By 1989, the number had decreased by 11 percent to 1,190 farms producing the same amount of product. In Florida, annual production of cassava occurred on 840 acres, and averaged \$1.4 million in value for the 5-year period.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	2,313	100	-	**60
Imports from GSP countries:				
Total.....	2,311	99	100	**60
Costa Rica.....	2,160	93	93	**56
Dominican Republic.....	81	4	4	**2
Philippines.....	52	2	2	**1
Tonga.....	8	(2)	-	** (2)

¹Imports from Bolivia, Ecuador, Peru, and Colombia were insignificant in 1989.

²Less than 0.5 percent.

Comment.—Data on U.S. imports of fresh cassava (manioc), as reported under Plant Protection and Quarantine Programs of the U.S. Department of Agriculture, indicate that the Dominican Republic is the principle supplier in recent years. For example, for the year ending September 1987 (the latest data available), such imports amounted to 14.2 million pounds from the following sources:

Source	Share of total (percent)
Dominican Republic.....	85
Costa Rica.....	11
Honduras.....	2
Ecuador.....	1
Other Latin American Countries.....	1
All other.....	(1)
Total.....	100

¹Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Costa Rica for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹Not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Ecuador² for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>3</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u>X</u>	No <u> </u>
What is the price elasticity of U.S. demand?.....	High	<u> </u>	Moderate <u> </u> Low <u>X</u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u> </u>	No <u>X</u>
Does the country have significant export markets besides the United States?.....	Yes	<u>X</u>	No <u> </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u> </u>	No <u>X</u>
What is the price elasticity of import supply?.....	High	<u>X</u>	Moderate <u> </u> Low <u> </u>
Price level compared with—			
U.S. products ¹	Above	<u> </u>	Equivalent <u> </u> Below <u> </u>
Other foreign products ¹	Above	<u> </u>	Equivalent <u> </u> Below <u> </u>
Quality compared with—			
U.S. products ¹	Above	<u> </u>	Equivalent <u> </u> Below <u> </u>
Other foreign products ¹	Above	<u> </u>	Equivalent <u> </u> Below <u> </u>

¹Not available.

²This Andean country ranked fourth as a U.S. supplier under Plant Protection and Quarantine, APHIS, USDA, 1987. See comment on p. 4.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>N/A</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u>X</u>	No <u> </u>
What is the price elasticity of U.S. demand?.....	High	<u> </u>	Moderate <u> </u> Low <u>X</u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u> </u>	No <u>X</u>
Does the country have significant export markets besides the United States?.....	Yes	<u>X</u>	No <u> </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u> </u>	No <u>X</u>
What is the price elasticity of import supply?.....	High	<u>X</u>	Moderate <u> </u> Low <u> </u>
Price level compared with—			
U.S. products ¹	Above	<u> </u>	Equivalent <u> </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u>X</u> Below <u> </u>
Quality compared with—			
U.S. products.....	Above	<u>X</u>	Equivalent <u> </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u>X</u> Below <u> </u>

Comment.—Data on U.S. imports of fresh cassava (manioc), as reported under the Plant Protection and Quarantine Programs of the U.S. Department of Agriculture in 1987 (the latest data available), indicate that the Dominican Republic is the principal supplier of cassava to the U.S. fresh market, followed by Costa Rica and Honduras, respectively.

Cassava is a unique product with a specific demand in the United States. Changes in the price are believed to have a small effect on quantities sold. Therefore, it is believed that the price elasticity of demand is low. In addition, some domestic consumers perceive the imported product as being of a higher quality than its domestic counterpart; therefore, consumers are also willing to pay a higher price for the imported product.

Ecuador and the other Andean countries are not significant producers/exporters of fresh cassava. Ecuador does export more fresh cassava than other Andean countries; however, it is small in comparison to the leading supplier.

The Dominican Republic, Costa Rica, and Honduras, the leading suppliers of fresh cassava in 1989, are currently receiving duty-free treatment under CBERA.

V. Position of interested parties

Petitioner.—The petitioner is the Government of Colombia which stated that Colombia is a sizeable grower of fresh cassava and, given the size of the Hispanic population in the United States, would likely be able to export this product successfully with GSP designation. The petitioner also stated that increase exports to the United States will result in higher production and employment, and increase profits to related upstream and downstream industries, while assisting in strengthening the overall Colombian economy.

Opposition.—The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

Digest No.
0714.10.00

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0714.10.00		-	-	-	-	25
	137.97.75 (0%)	25	25	25	25	-
	193.25.60 ¹	Free	Free	Free	Free	-

¹Dried cassava was classified as a crude vegetable substance nspf in the TSUSA. There was no allocation from this extensive basket class into the HTS for this item.

Table I.

Digest Title: Cassava, fresh or dried
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Costa Rica.....	0	0	0	0	2,160
Dominican Rep....	0	0	0	0	81
Philippines.....	0	0	0	0	52
Tonga.....	0	0	0	0	8
Israel.....	0	0	0	0	7
Guatemala.....	0	0	0	0	3
Greece.....	0	0	0	0	2
Total.....	0	0	0	0	2,313
GSP Total 1/..	0	0	0	0	2,311
GSP+4 1/.....	0	0	0	0	2,311
Percent					
Costa Rica.....	.0	.0	.0	.0	93.4
Dominican Rep....	.0	.0	.0	.0	3.5
Philippines.....	.0	.0	.0	.0	2.3
Tonga.....	.0	.0	.0	.0	.3
Israel.....	.0	.0	.0	.0	.3
Guatemala.....	.0	.0	.0	.0	.1
Greece.....	.0	.0	.0	.0	.1
Total.....	.0	.0	.0	.0	100.0
GSP Total 1/..	.0	.0	.0	.0	99.9
GSP+4 1/.....	.0	.0	.0	.0	99.9

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
07141000Digest Title: Cassava, fresh or dried
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Netherlands Ant..	0	0	0	223	12
Canada.....	698	733	702	928	2
Mexico.....	18	22	22	16	0
Guatemala.....	0	1	0	0	0
Belize.....	3	1	1/	1/	0
El Salvador.....	1/	0	0	0	0
Honduras.....	0	1	1	1	0
Costa Rica.....	1/	1	1/	0	0
Panama.....	1/	1/	2	3	0
Bermuda.....	53	53	43	83	0
Bahamas.....	150	408	248	230	0
Jamaica.....	1	1/	0	0	0
Turks & Caic Is..	1/	2	0	0	0
Cayman Is.....	5	11	7	7	0
Haiti.....	0	0	1	2	0
All other.....	432	754	1,119	921	0
Total.....	1,360	1,987	2,195	2,413	15
GSP Total 2/..	459	869	895	849	12
GSP+4 2/.....	490	895	946	877	12
Percent					
Netherlands Ant..	.0	.0	.0	9.2	86.0
Canada.....	51.3	36.9	32.7	38.5	14.0
Mexico.....	1.3	1.1	1.0	.7	.0
Guatemala.....	.0	.1	.0	.0	.0
Belize.....	.2	.1	1/	1/	.0
El Salvador.....	1/	.0	.0	.0	.0
Honduras.....	.0	1/	1/	1/	.0
Costa Rica.....	1/	1/	1/	.0	.0
Panama.....	1/	1/	.1	.1	.0
Bermuda.....	3.9	2.7	2.0	3.4	.0
Bahamas.....	11.0	20.5	11.6	9.5	.0
Jamaica.....	.1	1/	.0	.0	.0
Turks & Caic Is..	1/	.1	.0	.0	.0
Cayman Is.....	.4	.6	.3	.3	.0
Haiti.....	.0	.0	1/	.1	.0
All other.....	31.8	38.0	52.2	38.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	33.8	43.7	41.7	35.2	86.0
GSP+4 2/.....	36.0	45.1	44.1	36.3	86.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0804.30.40
FRESH PINEAPPLE, IN CRATES OR PACKAGES

Fresh Pineapple, In Crates or Packages

I. Introduction

Fresh pineapple, in crates or packages: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0804.30.40	Fresh pineapple, in crates or packages..	1.31¢/kg (3.0% AVE)	Yes	[***]

Description and uses.—Pineapple is widely grown in tropical regions throughout the world. The bulk of pineapple grown in the world is traded internationally in the form of canned fruit or juice (which has been processed near the growing area) rather than in the fresh form. However, fresh pineapple trade has become much more popular given the advent of faster shipping (including air shipments), and better handling in refrigerated ships.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	148	149	151	*151	*1	*151
Employment (1,000 employees).....	(4)	(4)	(4)	(4)	(4)	(4)
Shipments (1,000 dollars).....	*73,000	*77,000	*72,000	*84,000	*5	*86,000
Exports (1,000 dollars).....	577	1,317	1,991	2,202	55	1,145
Imports (1,000 dollars).....	10,895	17,988	23,433	30,088	40	36,764
Consumption (1,000 dollars).....	*83,319	*93,671	*93,442	*111,886	*10	*121,619
Import to consumption ratio (percent).....	*13	*19	*25	*27	*27	*30
Capacity utilization (percent).....	(4)	(4)	(4)	(4)	(4)	(4)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Number of farms.

⁴Not available.

Comment.—Within the United States, fresh pineapple is grown mostly in Hawaii and to a lesser degree in Puerto Rico on *151 farms or plantations. U.S. production of fresh pineapple grew from *356 million to an estimated *415 million pounds during 1985-89 as the U.S. market for fresh pineapple has expanded sharply. The value of domestic production of fresh pineapple amounted to about *\$86 million in 1989.

U.S.-grown pineapple compete with imported fresh pineapple which come mainly from three CBERA-eligible countries, Costa Rica, the Dominican Republic, and Honduras, where U.S. multinational companies have established operations. Most U.S. imports of fresh pineapple are imported already

packaged or in crates¹ rather than in bulk form (unpackaged).² In 1989, for example, about 89 percent of the \$41.3 million in U.S. fresh pineapple imports in all forms entered in the packaged form, and about 11 percent in bulk containers.

U.S. imports of fresh pineapple in all forms have grown sharply from about 128 million pounds in 1985 to about 217 million pounds in 1989, and imports of fresh pineapple in packages or crates from 106 million to 184 million pounds. Imports of pineapple in packages or crates rose from about \$11 million to \$37 million during 1985-89. Most of this growth took place because of higher imports of packaged fresh pineapple from Costa Rica which increased from \$4 million to \$29 million, respectively.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	36,764	100	100	*30
Imports from GSP countries:				
Total ¹	36,764	100	100	*30
Costa Rica.....	29,226	80	80	*24
Honduras.....	4,296	12	12	*4
Dominican Republic.....	3,048	8	8	*3

¹There were no imports from Bolivia, Ecuador, Peru or Colombia.

Comment.—Virtually all U.S. imports of fresh pineapple in crates or packages come from Costa Rica, Honduras, and the Dominican Republic, all CBERA-eligible countries.

Several large U.S. fruit companies have investments or marketing arrangements in pineapple trade in these three countries. With fresh pineapple, rapid transportation and marketing to the U.S. market are key competitive factors, and the location of these countries relative to the Eastern U.S. market is an important basis to the competitive strength of these three countries.

¹Under HTS subheading item 0804.30.40.

²Under HTS subheading 0804.30.20.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Costa Rica for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Honduras for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	N/A		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input type="checkbox"/>	Moderate <input type="checkbox"/> Low <input checked="" type="checkbox"/>
Can production in the country be easily expanded or contracted			
in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the			
United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among			
its foreign export markets?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

Comment.—Prior to 1981, Mexico had been the leading U.S. supplier of fresh pineapple, but pesticide residue problems and other factors ended their dominance. Thereafter, Honduras and then Costa Rica, took the lead. The granting in 1986 of duty-free CBERA status for Costa Rica, Honduras, and the Dominican Republic, in addition to the extensive U.S. investment in these countries, has solidified their hold over U.S. fresh pineapple imports.

Bolivia, Ecuador, Peru, and Colombia are not significant producer/exporters of fresh pineapple, and only Colombia has exported these fruits to the United States during 1985-90. In 1985, Colombia exported \$155,000 worth of fresh pineapple to the United States, but thereafter its exports declined.

The world's two largest producers of pineapple, Thailand and the Philippines, are GSP-eligible countries, and process about two-thirds of their output into juice or canned pineapple and export the remainder fresh. These two countries account for over three-quarters of world exports of canned pineapple and pineapple juices. The Philippines, in 1988, exported about 350 million pounds of fresh pineapple, mostly to Japan and the EC.¹ Thailand exports little fresh pineapple, tending to process most into canned pineapple and juice which is then exported both to the United States and elsewhere, particularly the EC and Japan. Thailand has exported fresh pineapple chiefly to Japan; its fresh exports to all countries amounted in 1987 to about 40 million pounds, but declined in 1988 to 3 million pounds.²

The price elasticity of domestic demand for fresh pineapple is believed to be quite low since this fruit tends to be quite high-priced and specialized. Brand-name preference, and reliability of supply or reputation of the fruit company would also tend to reduce changes in the quantity demanded as a result of small changes in the price of the imported fruit.

V. Position of interested parties

Petitioner.—The petitioner is the Government of Colombia which indicated that GSP status would not have a significant effect on the U.S. pineapple industry, but would assist the Colombian industry and economy. According to the petitioner, Colombia produces pineapple in sizable amounts, but the U.S. duty, transportation costs, and the competition from CBERA-eligible countries has limited Colombian pineapple exports to the United States.

Opposition.—The Hawaii Board of Agriculture, the State of Hawaii Department of Agriculture, indicated in a written submission that imports of pineapple from Colombia and Peru may have an effect on the industry of the state of Hawaii. The board indicated that the amount of fresh pineapple produced in Hawaii, "outweighs that imported from Colombia and Peru. Therefore, the elimination of import duties on pineapple from these countries may have negligible impact."

¹USDA, FAS, "Canned Pineapple Situation," Horticultural Products Review, April 1988, p. 17.

²Source: USDA, FAS, Fresh and Processed Pineapple Annual Report: Thailand, Apr. 3, 1989, pp. 2-6.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without reciprocal tariff or trade concessions. As adopted by its voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

Digest No.
0804.30.40

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0804.30.40		-	-	-	-	3.0%
	148.93 (100%)	8.1%	8.2%	12.3%	2.4%	-
	148.96 (100%)	5.6%	7.3%	5.2%	3.5%	-

Table I.

Digest Title: Fresh pineapples, in packages or crates
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Costa Rica.....	3,821	10,211	13,370	21,371	29,226
Honduras.....	5,541	4,557	7,621	6,589	4,296
Dominican Rep....	1,088	2,043	1,845	1,970	3,048
Thailand.....	0	16	0	21	99
Fr Polynesia.....	0	0	0	0	47
Ivory Coast.....	4	403	0	5	23
Mexico.....	19	116	83	111	22
Philippines.....	0	0	0	0	3
Haiti.....	0	0	0	0	1
Canada.....	4	0	0	0	0
Guatemala.....	185	398	100	13	0
Panama.....	20	165	36	0	0
Dominica.....	5	0	0	0	0
Martinique.....	3	0	0	0	0
Colombia.....	133	53	15	1	0
All other.....	71	26	363	7	0
Total.....	10,895	17,988	23,433	30,088	36,764
GSP Total 2/..	10,873	17,983	23,429	30,088	36,764
GSP+4 2/.....	10,873	17,983	23,429	30,088	36,764
Percent					
Costa Rica.....	35.1	56.8	57.1	71.0	79.5
Honduras.....	50.9	25.3	32.5	21.9	11.7
Dominican Rep....	10.0	11.4	7.9	6.5	8.3
Thailand.....	.0	.1	.0	.1	.3
Fr Polynesia.....	.0	.0	.0	.0	.1
Ivory Coast.....	1/	2.2	.0	1/	.1
Mexico.....	.2	.6	.4	.4	.1
Philippines.....	.0	.0	.0	.0	1/
Haiti.....	.0	.0	.0	.0	1/
Canada.....	1/	.0	.0	.0	.0
Guatemala.....	1.7	2.2	.4	1/	.0
Panama.....	.2	.9	.2	.0	.0
Dominica.....	1/	.0	.0	.0	.0
Martinique.....	1/	.0	.0	.0	.0
Colombia.....	1.2	.3	.1	1/	.0
All other.....	.7	.1	1.5	1/	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	99.8	100.0	100.0	100.0	100.0
GSP+4 2/.....	99.8	100.0	100.0	100.0	100.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Fresh pineapples, in packages or crates
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	183	304	406	601	879
Japan.....	94	231	296	298	148
Mexico.....	10	19	7	31	51
United Kingdom...	9	47	172	234	34
France.....	4	53	37	31	16
Hong Kong.....	24	45	150	93	7
Switzerland.....	9	2	6	1	6
Kuwait.....	4	29	78	66	2
Guatemala.....	1	1/	0	0	0
Belize.....	0	1	3	0	0
El Salvador.....	1/	1/	0	0	0
Honduras.....	1	1	1	0	0
Costa Rica.....	1/	3	4	2	0
Panama.....	12	21	23	2	0
Bermuda.....	42	214	282	162	0
All other.....	185	346	526	681	0
Total.....	577	1,317	1,991	2,202	1,145
GSP Total 2/..	157	383	441	288	51
GSP+4 2/.....	193	442	635	420	59
Percent					
Canada.....	31.7	23.1	20.4	27.3	76.8
Japan.....	16.4	17.6	14.9	13.5	13.0
Mexico.....	1.7	1.4	.3	1.4	4.5
United Kingdom...	1.5	3.6	8.6	10.6	3.0
France.....	.8	4.0	1.9	1.4	1.4
Hong Kong.....	4.1	3.4	7.5	4.2	.6
Switzerland.....	1.5	.1	.3	1/	.6
Kuwait.....	.7	2.2	3.9	3.0	.1
Guatemala.....	.1	1/	.0	.0	.0
Belize.....	.0	.1	.1	.0	.0
El Salvador.....	1/	1/	.0	.0	.0
Honduras.....	.1	.1	.1	.0	.0
Costa Rica.....	1/	.2	.2	.1	.0
Panama.....	2.1	1.6	1.1	.1	.0
Bermuda.....	7.2	16.2	14.2	7.4	.0
All other.....	32.1	26.3	26.4	30.9	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	27.2	29.0	22.2	13.1	4.5
GSP+4 2/.....	33.5	33.5	31.9	19.1	5.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0804.50.60

MANGOES AND GUAVAS, FRESH

MANGOES AND GUAVAS, FRESH

I. Introduction

Mangoes and guavas, fresh: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0804.50.60	Guavas, mangoes, and mangosteens, fresh, entered from June 1 to August 31	10.5%	Yes	[* * *]

Description and uses.—This digest covers guavas, mangoes, and mangosteens marketed in the fresh form when entered into the customs territory of the United States during the 92-day period from June 1 to August 31, inclusive.

Guavas are any of several tropical American plants of the myrtle family bearing a yellowish, round or pear-shaped edible fruit. The fruit generally ranges in size from that of a cherry to that of an orange, consisting of a layer of fine granular flesh surrounding a soft pulp in which small seeds are imbedded. Most guavas have a strong odor when ripe that, for many people, make them objectionable to eat as fresh fruit. Most guavas are prepared or preserved for use as dessert or salad purposes, confection, jelly, dessert toppings, juice, and other products.

The mango is an oblong tropical fruit with thick rind, somewhat acid and juicy pulp, and a single hard flattened stone that grows on a large, broadleafed, evergreen tree that is common in many tropical regions; the fruit ranges in size from several ounces to several pounds. Mangoes generally have a peach like flesh but their own distinctive flavor. Virtually all the mangoes harvested commercially in the United States are from varieties developed in Florida for fruit of fresh-market quality. Ripe mangoes are used principally as fresh fruit, but some are marketed canned or frozen. Unripe fresh mangoes are used in the preparation of a variety of spiced products.

Mangosteens are a small edible East Indian fruit somewhat like an orange, with a thick, reddish-brown rind and sweet, white, juicy, segmented pulp that grow on trees of the Saint Johnswort family. Mangosteens are like watermelons in that they are juicy and not filling. They can be eaten with any meal and are used for production of juice, jelly, syrup, and canned fruit segments. There is a very limited production or consumption of fresh mangosteens in the United States.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985	1989
Producers (number) ³	**500	**500	**500	**500	**-	**500
Employment (1,000 employees).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars).....	(⁴)	4,400	(⁴)	(⁴)	-	(⁴)
Exports (1,000 dollars) ⁵	**2,500	**2,500	**2,500	**2,500	**-	3,390
Imports (1,000 dollars).....	14,694	19,566	11,783	16,130	3	24,634
Consumption (1,000 dollars).....	(⁴)	21,466	(⁴)	(⁴)	-	(⁴)
Import to consumption ratio (percent).....	(⁴)	91	(⁴)	(⁴)	-	(⁴)
Capacity utilization (percent).....	(⁶)	(⁶)	(⁶)	(⁶)	-	(⁶)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Estimated by the staff of the U.S. International Trade Commission.

⁴Not available.

⁵The level of exports during 1985-88 is estimated by the staff of the U.S. International Trade Commissions as ranging from \$2 million to \$3 million annually, although separate data on fresh mango exports were not available prior to 1989.

⁶Not applicable to fresh crops.

Comment.—Guavas and mangoes are grown commercially in Florida, California, Hawaii, and Puerto Rico for fresh market sales and are generally harvested from April to September. The majority of such production is mangos which are reported for Florida only; the remaining areas of production are negligible. In 1986, the latest data available, mango production in Florida amounted to 22 million pounds, valued at \$4.4 million. The value of production is at the farm level and the value of estimated exports for 1986 is at the f.a.s. packed product level, which has a higher unit value than the farm level. In 1989, the first year for separate data on fresh mango exports, 88 percent of the exports went to two markets—the Netherlands and the United Kingdom.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total. ¹	24,634	100	-	(²)
Imports from GSP countries:				
Total.....	24,634	100	100	(²)
Mexico.....	23,739	96	96	(²)
Haiti.....	895	4	4	(²)

¹Imports from Bolivia, Ecuador, Peru, and Colombia were negligible in 1989.

²Not available.

Comment.—Mexico and Haiti are the chief competitive foreign suppliers in the U.S. market for fresh mangoes during the June–August period, partly because of plant quarantine restrictions on imports of fresh mangoes. Both Mexican and Haitian exporters have plant health programs for fresh mango exports that are acceptable to the U.S. Department of Agriculture. The two countries are also the principal suppliers on an annual basis, as illustrated by the following tabulation of imports for 1989:

Source	Imports (\$1,000)	Share of Total (percent)
Mexico	37,042	88
Haiti	5,158	12
All other	20	(1)
Total	42,220	100

Imports of this digest, those during June to August, accounted for 58 percent of the total annual imports in 1989. The current rate of duty for digest products entered during June–August is 8.27 cents per kilogram, equivalent to 10.5 percent of the value of imports entered in 1989. The rate of duty for digest products entered in other months (from September–May) is also 8.27 cents per kilogram, but such imports currently receive GSP benefits, except those from Mexico. The seasonal break in tariff classification for the period June 1 to August 31 was established for fresh mangoes in 1982 for the purpose of granting GSP benefits when domestic production was "out-of-season."

¹Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Haiti for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—Mexico is the largest producer of mangoes in the Western Hemisphere, and under supervision of plant quarantine programs of the U.S. Department of Agriculture, Mexican fresh mangoes have access to the U.S. fresh market.

V. Position of interested parties

Petitioner.—The Government of Colombia petitioned for HTS subheading 0804.50.60 and stated that without GSP status its exports of the digest products cannot be exported to the United States. Also, with the U.S. industry on the rise and increased U.S. consumer interest in such fruits, the overall effect on U.S. producers would be negligible, they stated. Further, the only other country to have increased benefits from GSP status would be Mexico.

Opposition.—The State of Hawaii's Department of Agriculture submitted a statement concerning the probable economic effects on U.S. industries and consumers if import duties are eliminated for certain products from certain countries under the GSP. The Department stated, concerning guavas, that the total amount of imports from Colombia are small compared to that produced in Hawaii and, at this time, the elimination of import duties on guavas from Colombia may have negligible impact. As for mangoes, the Department stated, Hawaii is not currently a significant commercial producer and the elimination of import duties on mangoes from Colombia would not have a measurable effect on the State's economy for the time being. However, the Department stated, Hawaii is looking at possible development of mango production for export to the U.S. mainland market in the future. In that case, they said, elimination of the duty on foreign imports of mangoes may become detrimental.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
0804.50.60 ¹		-	-	-	-	10.5
	147.8000 (0%)	7	7	7	7	-
	148.0600 ² (100%)	12.7	12.4	19.3	8.7	-
	149.5000 (0%)	3.4	3.4	3.4	3.4	-

¹The specific rate of duty is 8.27 cents per kilogram.

²The specific rate of duty on fresh mangoes was 3.75 cents per pound.

Table I.

Digest Title: Mangoes and guavas, fresh
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	14,075	18,594	10,871	14,584	23,739
Haiti.....	463	791	630	1,505	895
Canada.....	0	0	2	11	0
Guatemala.....	135	18	2	8	0
Belize.....	0	124	209	0	0
Costa Rica.....	0	0	0	2	0
Jamaica.....	0	0	0	5	0
Dominican Rep....	0	12	4	15	0
Dominica.....	0	14	0	0	0
Venezuela.....	0	0	59	0	0
Brazil.....	3	0	0	0	0
France.....	15	0	2	0	0
Thailand.....	1	0	3	0	0
Philippines.....	0	0	1	0	0
Hong Kong.....	1	0	0	0	0
All other.....	0	13	0	0	0
Total.....	14,694	19,566	11,783	16,130	24,634
GSP Total 2/..	14,678	19,553	11,779	16,118	24,634
GSP+4 2/.....	14,679	19,553	11,779	16,118	24,634
Percent					
Mexico.....	95.8	95.0	92.3	90.4	96.4
Haiti.....	3.2	4.0	5.3	9.3	3.6
Canada.....	.0	.0	1/	.1	.0
Guatemala.....	.9	.1	1/	1/	.0
Belize.....	.0	.6	1.8	.0	.0
Costa Rica.....	.0	.0	.0	1/	.0
Jamaica.....	.0	.0	.0	1/	.0
Dominican Rep....	.0	.1	1/	.1	.0
Dominica.....	.0	.1	.0	.0	.0
Venezuela.....	.0	.0	.5	.0	.0
Brazil.....	1/	.0	.0	.0	.0
France.....	.1	.0	1/	.0	.0
Thailand.....	1/	.0	1/	.0	.0
Philippines.....	.0	.0	1/	.0	.0
Hong Kong.....	1/	.0	.0	.0	.0
All other.....	.0	.1	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	99.9	99.9	100.0	99.9	100.0
GSP+4 2/.....	99.9	99.9	100.0	99.9	100.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Data are for the three digest months from June through August.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0807.20.00

FRESH PAPAYAS AND CERTAIN PAPAYA PULP

Fresh Papayas and Certain Papaya Pulp¹

I. Introduction

Fresh papayas and certain papaya pulp: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0807.20.00	Papayas (papaws), fresh	8.5	Yes	[* * *]
2008.99.45	Papaya pulp, otherwise prepared or preserved ¹	17.5	Yes	[* * *]

¹Pulp other than fresh, chilled, frozen, dried, or as a cooked preparation.

Description and uses.—This digest covers fresh papayas (papaws) and certain papaya pulp. The papaya pulp covered by this digest is that which is not elsewhere specified or included (nesoi), in the HTSUS. Such products include sterilized pulp, whether or not cooked, and other forms of preservation not elsewhere included.

Papayas are a tropical fruit grown domestically in Hawaii and Florida. The fruit is grown on a tropical American tree of the papaya family, resembling a palm, having large leaves at its top, and bearing large oblong, yellowish-orange or green fruit, like melons, along the trunk of the tree. Most papayas are eaten fresh, or are prepared or preserved for use in desserts, salads, confections, jellies, dessert toppings, juices, beverage flavorings, and other products. Papaya pulp of this digest is most commonly used in the fruit juice and fruit flavored drink industries.

¹This digest includes the following HTS subheadings: 0807.20.00 and 2008.99.45.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	*315	*311	*293	*305	*-1	**308
Employment (1,000 employees).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars) ³	*8,579	*11,123	*11,050	*12,354	*13	**14,000
Exports (1,000 dollars).....	3,658	6,482	8,162	10,544	42	13,040
Imports (1,000 dollars).....	495	496	657	760	15	1,099
Consumption (1,000 dollars) ⁵	*5,416	*5,137	*3,545	*2,570	*-15	**2,059
Import to consumption ratio (percent)..	*9	*10	*18	*30	(⁵)	**53
Capacity utilization (percent).....	(⁶)	(⁶)	(⁶)	(⁶)	-	(⁶)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Number of producers (farms), and value of production at the farm level, of Hawaiian papaya for all uses, fresh and processed; 1989 is estimated.

⁴Not available.

⁵The decline in apparent consumption is due, in large part, to valuations at different levels of marketing and therefore the percentage change in the import-to-consumption ratio (statistically 48 percent annually) is not meaningful.

⁶Not applicable to fresh crops.

Comment.—The U.S. production of papayas for fresh market and processing is predominately in Hawaii. Papaya are also grown in Florida and Puerto Rico. In 1988, there were 2,300 acres of papayas harvested in Hawaii for fresh market and processing. The price per pound of fresh papaya at the farm level in Hawaii was 21 cents in 1988, up from 16.9 cents in 1985, and the price per pound of papaya for processing was 3.2 cents in 1988, up from 2.3 cents in 1985. In 1988, 83 percent of the Hawaiian papaya crop of 69 million pounds was sold for fresh market use.

U.S. exports of fresh papaya have increased substantially over the period 1985-89, increasing from \$3.1 million in 1985 to \$12.6 million in 1989. Exports of all digest products (99 percent were fresh papaya) went almost entirely to two markets in 1989. Japan accounted for 76 percent of the digest exports and 20 percent went to Canada.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total ¹	1,099	100	-	**53
Imports from GSP countries:				
Total.....	1,098	+99	100	**53
Mexico.....	607	55	55	**29
Bahamas.....	165	15	15	**8
Dominican Republic.....	128	12	12	**6

¹There were no reported imports from Bolivia, Ecuador, Peru, and Colombia in 1989.

²Not available.

Comment.—In 1989, Mexico and Thailand were the only GSP suppliers of digest products not receiving duty-free benefits. All other GSP suppliers in 1989 were eligible for duty-free treatment under the CBERA.

Duty paying GSP countries that could benefit from GSP-status for digest products, on the basis of having supplied papaya imports in any form in 1988 and 1989, including non-digest papaya products, are Brazil, Colombia, Ecuador, Peru, the Philippines, Turkey, and Venezuela.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products¹

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—²

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹This country supplied only fresh papaya in 1989.

²Not available.

Competitiveness indicators for the Bahamas for all digest products¹

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—²

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹This country supplied only fresh papaya in 1989. Imports from this country are eligible for duty-free treatment under the CBERA.

²Not available.

IV. Competitiveness profiles, GSP suppliers—continued

Competitiveness indicators for the Dominican Republic for all digest products¹

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹This country supplied both digest products of fresh papayas and papaya pulp in 1989 (58 percent of the imports were papaya pulp). Imports from this country are eligible for duty-free treatment under the CBERA.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... NA

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—¹

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹Not available.

V. Position of interested parties

Petitioner.—The Government of Colombia was the petitioner for fresh or chilled papaya under HTS subheading 0807.20.00, and the Government of Peru was the petitioner for papaya pulp under HTS subheading 2008.99.45. The Government of Colombia stated that "GSP designation of U.S. imports of fresh papayas from Colombia would not have a significant effect on the corresponding U.S. industry. GSP treatment would, however, greatly assist the Colombian industry, with beneficial effects radiating throughout the economy leading to further overall growth and stability. This stability would provide a needed platform from which the Colombian Government and people could continue to confront the drug problem." The Government of Peru stated that "the inclusion of the pulp and concentrate of papaya in the GSP would contribute substantially to the rise in the product competitiveness in the U.S. market." Both petitioners appeared at the public hearing in support of their requests for GSP status.

Opposition.—The State of Hawaii, Department of Agriculture, submitted a statement concerning the probable economic effects on U.S. industries and consumers if import duties are eliminated for certain products from certain countries under the GSP. The Department stated concerning papaya that the total amounts of imports from Colombia and Peru are small compared to that produced in Hawaii and, at this time, the elimination of import duties on these commodities from Colombia and Peru may have negligible impact.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effects advice deleted.]

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)						
HTS subheadings	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
0807.20.00		-	-	-	-	8.5
	148.6000 (100%)	8.5	8.5	8.5	8.5	-
2008.99.45		-	-	-	-	17.5
	152.6500 (2%)	17.5	17.5	17.5	17.5	-

Table I.

Digest Title: Fresh papayas and papaya pulp
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	48	312	249	380	607
Bahamas.....	366	157	28	0	165
Dominican Rep....	19	4	50	25	128
Belize.....	0	0	136	24	67
Jamaica.....	23	18	152	304	60
Costa Rica.....	2	2	16	16	46
Thailand.....	0	0	0	0	18
Guatemala.....	4	2	1/	1/	5
Haiti.....	0	0	0	6	2
Belgium.....	7	0	2	0	2
Canada.....	1	1	1/	0	0
El Salvador.....	0	0	0	0	0
Panama.....	0	1/	0	1/	0
Bermuda.....	18	0	0	0	0
Colombia.....	0	0	17	0	0
All other.....	7	1/	7	4	0
Total.....	495	496	657	760	1,099
GSP Total 2/..	480	495	648	759	1,098
GSP+4 2/.....	481	495	648	759	1,098
Percent					
Mexico.....	9.8	62.8	37.9	50.0	55.2
Bahamas.....	74.0	31.6	4.2	.0	15.0
Dominican Rep....	3.9	.8	7.6	3.3	11.6
Belize.....	.0	.0	20.7	3.1	6.1
Jamaica.....	4.7	3.6	23.1	40.1	5.4
Costa Rica.....	.4	.5	2.5	2.2	4.2
Thailand.....	.0	.0	.0	.0	1.6
Guatemala.....	.7	.5	1/	1/	.5
Haiti.....	.0	.0	.0	.8	.2
Belgium.....	1.4	.0	.3	.0	.2
Canada.....	.2	.2	1/	.0	.0
El Salvador.....	.0	.0	.0	.0	.0
Panama.....	.0	1/	.0	1/	.0
Bermuda.....	3.5	.0	.0	.0	.0
Colombia.....	.0	.0	2.5	.0	.0
All other.....	1.4	1/	1.1	.5	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	97.1	99.8	98.6	99.9	99.8
GSP+4 2/.....	97.3	99.8	98.6	99.9	99.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Fresh papayas and papaya pulp
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	2,687	4,880	6,632	8,764	9,953
Canada.....	532	1,053	869	1,226	2,547
Hong Kong.....	56	76	75	35	123
United Kingdom...	5	2	1	25	72
Mexico.....	3	3	20	18	50
Taiwan.....	4	20	19	72	36
West Germany.....	58	104	110	84	31
Korea.....	4	8	22	23	29
Philippines.....	1	12	4	15	23
Sweden.....	4	4	6	8	18
Belize.....	1/	0	1/	0	17
Singapore.....	16	32	32	30	17
Indonesia.....	4	1	2	4	16
Netherlands.....	9	14	76	37	15
Panama.....	11	10	10	8	11
All other.....	262	263	286	196	81
Total.....	3,658	6,482	8,162	10,544	13,040
GSP Total 2/..	125	181	177	169	158
GSP+4 2/.....	206	317	324	329	364
Percent					
Japan.....	73.5	75.3	81.3	83.1	76.3
Canada.....	14.5	16.2	10.6	11.6	19.5
Hong Kong.....	1.5	1.2	.9	.3	.9
United Kingdom...	.1	1/	1/	.2	.6
Mexico.....	.1	1/	.2	.2	.4
Taiwan.....	.1	.3	.2	.7	.3
West Germany.....	1.6	1.6	1.3	.8	.2
Korea.....	.1	.1	.3	.2	.2
Philippines.....	1/	.2	1/	.1	.2
Sweden.....	.1	.1	.1	.1	.1
Belize.....	1/	.0	1/	.0	.1
Singapore.....	.4	.5	.4	.3	.1
Indonesia.....	.1	1/	1/	1/	.1
Netherlands.....	.3	.2	.9	.4	.1
Panama.....	.3	.2	.1	.1	.1
All other.....	7.2	4.1	3.5	1.9	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	3.4	2.8	2.2	1.6	1.2
GSP+4 2/.....	5.6	4.9	4.0	3.1	2.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0810.10.20

STRAWBERRIES, FRESH

Strawberries, Fresh¹

I. Introduction

Strawberries, fresh: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
Fresh strawberries				
0810.10.20	If entered during the period from June 15 to September 15, inclusive, in any year.	0.8%	Yes	[* * *]
0810.10.40	If entered at any other time	1.5%	Yes	[* * *]

Description and uses.—Fresh strawberries are a herbaceous fruit harvested annually. They are used almost entirely by food establishments and home consumers in the fresh state, served with or without cream or milk and sugar. Fresh strawberries are consumed largely as a dessert fruit. Strawberries are also used on ice cream, in sauces and syrups, in pies and tarts, jams, jellies, custard, creams, compotes, and salads.

II. U.S. market profile

Profile of U.S. industry and market, 1985–89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	*10,059	*9,729	*9,398	*9,311	*-2	*9,125
Employment (1,000 employees).....	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})
Shipments (1,000 dollars).....	396,894	422,898	454,866	459,271	5	446,731
Exports (1,000 dollars).....	18,624	21,884	24,835	36,584	25	38,299
Imports (1,000 dollars).....	7,264	7,192	17,173	18,363	36	17,887
Consumption (1,000 dollars).....	*385,534	*408,206	*447,204	*441,050	*5	*426,319
Import to consumption ratio (percent).....	*2	*2	*4	*4	*26	*4
Capacity utilization (percent).....	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})

¹Trade data for 1985–1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985–1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985–1988.

³Number of farms.

⁴Not available.

Comment.—Fresh-market strawberries are grown on *9,125 farms in every State, but California and Florida are the major producers. In 1989, those States accounted for 69 and 21 percent, respectively, of the reported commercial U.S. fresh strawberry output. In California, most

¹This digest includes the following HTS subheadings: 0810.10.20 and 0810.10.40.

production occurs during the months of April through September; in Florida, the season is January through April. Other States that usually produce more than 5 million pounds of fresh-market strawberries annually include New York, North Carolina, Ohio, Michigan, and Louisiana.

The value of domestic production of fresh strawberries rose from \$397 million in 1985, to \$447 million in 1989, as the increased demand for fresh fruit expanded in response to increased health concerns.

U.S.-grown fresh strawberries from California compete with imports from Mexico and Guatemala for about one month; however, Mexico competes with Florida's peak season on a month-to-month basis.

Mexico, whose imports are fully dutiable, accounted for most of the import growth since 1986, but imports from two of the CBERA-eligible countries, Costa Rica and Guatemala, have also increased significantly.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	17,887	100	-	*4
Imports from GSP countries:				
Total ¹	16,184	90	100	*4
Mexico.....	13,548	76	84	*3
Guatemala.....	1,177	7	7	*(²)
Costa Rica.....	1,027	6	6	*(²)

¹Imports from Bolivia, Ecuador, Peru, and Colombia accounted for less than 2 percent of U.S. imports in 1989.

²Less than 0.5 percent.

Comment.—In 1989, 76 percent of all imports of fresh-market strawberries entered fully dutiable; all were from Mexico. Neither of the two HTS subheadings for fresh-market strawberries have ever been eligible for duty-free treatment under the GSP, nor have they previously been under review for such treatment under the Tariff Schedule of the United States Annotated.

Imports entered free of duty under CBERA; however, these imports accounted for only 13 percent of total duty-free imports. The leading suppliers were Guatemala and Costa Rica.

In addition, numerous other fresh strawberries are either grown or imported for further processing, or imported in various other forms for different end uses that are not being covered in this digest.

WRONG → 0810.10.20

Digest No.
0807.30.40

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Costa Rica for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Honduras for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>N/A</u>			
Price elasticity:				
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—				
U.S. products.....	Above	<input type="checkbox"/>	Equivalent	<input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent	<input type="checkbox"/> Below <input checked="" type="checkbox"/>
Quality compared with—				
U.S. products.....	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below <input type="checkbox"/>

Comment.—Since 1986, Mexico has been the leading U.S. supplier of fresh-market strawberries to the United States. Proximity to the U.S. market gives Mexico a comparative advantage over other supplying countries because accessibility and rapid transportation to the United States are key competitive factors for fresh strawberries. The granting in 1986 of duty-free CBERA status for Costa Rica and Guatemala has increased their share of U.S. imports considerably. However, air-freight to the U.S. market is a cost factor their leading competitor does not share. Therefore, these countries represent only a small share of U.S. imports compared to Mexico.

Colombia and the other Andean countries are not significant producers/exporters of fresh strawberries. Colombia does export more fresh strawberries than other Andean countries, but its exports are small in comparison to Mexico, the leading supplier.¹

¹USDA, FAS, Colombia: Annual Agricultural Situation Report, 1989, March 1989, p. 34.

V. Position of interested parties

Petitioner.—The petitioner is the Government of Colombia which stated its interest in obtaining duty-free access to the U.S. strawberry market. The petitioner stated that although Colombian exports of strawberries to the United States are negligible, they are an important part of the Colombian economy and, because of high rates of duty and transportation costs, Colombian strawberry producers cannot increase their exports to the United States without GSP treatment. In addition, the petitioner stated that increased exports would result in higher production, employment, reinvestment resources, and ultimately assist in the development of the overall Colombian economy.

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
0810.10.20		-	-	-	-	0.8
	146.58.00 (100%)	0.4	0.3	0.6	0.8	-
0810.10.40		-	-	-	-	1.5
	146.60.00 (100%)	1.0	1.3	1.4	1.5	-

Table I.

Digest Title: Strawberries, fresh
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	2,757	4,241	13,754	14,694	13,548
New Zealand.....	3,634	2,342	1,993	1,501	1,618
Guatemala.....	7	43	372	547	1,177
Costa Rica.....	14	157	645	1,111	1,027
Colombia.....	2	0	0	65	333
Canada.....	335	219	165	289	85
Chile.....	29	4	148	13	46
Honduras.....	0	0	0	5	42
Argentina.....	3	3	3	1	4
Ecuador.....	355	101	16	0	4
Kiribati.....	0	0	0	0	4
Panama.....	0	22	10	0	0
Bahamas.....	0	0	3	0	0
Jamaica.....	0	0	0	4	0
Dominican Rep....	0	3	1	0	0
All other.....	129	56	64	134	0
Total.....	7,264	7,192	17,173	18,363	17,887
GSP Total 2/..	3,232	4,580	14,987	16,501	16,184
GSP+4 2/.....	3,232	4,580	14,987	16,501	16,184
Percent					
Mexico.....	38.0	59.0	80.1	80.0	75.7
New Zealand.....	50.0	32.6	11.6	8.2	9.0
Guatemala.....	.1	.6	2.2	3.0	6.6
Costa Rica.....	.2	2.2	3.8	6.0	5.7
Colombia.....	1/	.0	.0	.4	1.9
Canada.....	4.6	3.0	1.0	1.6	.5
Chile.....	.4	.1	.9	.1	.3
Honduras.....	.0	.0	.0	1/	.2
Argentina.....	1/	1/	1/	1/	1/
Ecuador.....	4.9	1.4	.1	.0	1/
Kiribati.....	.0	.0	.0	.0	1/
Panama.....	.0	.3	.1	.0	.0
Bahamas.....	.0	.0	1/	.0	.0
Jamaica.....	.0	.0	.0	1/	.0
Dominican Rep....	.0	1/	1/	.0	.0
All other.....	1.8	.8	.4	.7	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	44.5	63.7	87.3	89.9	90.5
GSP+4 2/.....	44.5	63.7	87.3	89.9	90.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Strawberries, fresh
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	10,817	10,861	11,588	19,421	18,959
Japan.....	7,028	9,133	11,229	13,623	13,961
Australia.....	0	17	36	434	2,306
United Kingdom...	231	528	591	661	955
West Germany.....	105	580	484	671	735
Mexico.....	1	3	0	46	347
Hong Kong.....	83	109	303	631	336
Kuwait.....	24	13	13	181	151
Sweden.....	0	54	25	126	80
United Arab Em...	5	102	105	58	77
Singapore.....	56	58	98	49	57
Saudi Arabia.....	7	30	34	15	38
Bahrain.....	0	5	0	0	36
Norway.....	0	3	0	38	33
Netherlands Ant..	0	0	0	0	29
All other.....	266	389	329	631	199
Total.....	18,624	21,884	24,835	36,584	38,299
GSP Total 2/..	105	80	40	140	475
GSP+4 2/.....	246	263	453	853	868
Percent					
Canada.....	58.1	49.6	46.7	53.1	49.5
Japan.....	37.7	41.7	45.2	37.2	36.5
Australia.....	.0	.1	.1	1.2	6.0
United Kingdom...	1.2	2.4	2.4	1.8	2.5
West Germany.....	.6	2.6	1.9	1.8	1.9
Mexico.....	1/	1/	.0	.1	.9
Hong Kong.....	.4	.5	1.2	1.7	.9
Kuwait.....	.1	.1	.1	.5	.4
Sweden.....	.0	.2	.1	.3	.2
United Arab Em...	1/	.5	.4	.2	.2
Singapore.....	.3	.3	.4	.1	.1
Saudi Arabia.....	1/	.1	.1	1/	.1
Bahrain.....	.0	1/	.0	.0	.1
Norway.....	.0	1/	.0	.1	.1
Netherlands Ant..	.0	.0	.0	.0	.1
All other.....	1.4	1.8	1.3	1.7	.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.6	.4	.2	.4	1.2
GSP+4 2/.....	1.3	1.2	1.8	2.3	2.3

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 0811.20.40

CERTAIN FROZEN FRUIT

Certain Frozen Fruit¹

I. Introduction

Certain frozen fruit: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0811.20.40	Blackberries, mulberries, and red or white currants, uncooked, frozen, whether or not containing added sugar	14%	Yes	[* * *]
0811.90.50	Pineapples, uncooked, frozen, whether or not containing added sugar	0.8% ¹	Yes	[* * *]
0811.90.6080	Fruit and nuts, n.e.s.o.i., other than cherries, uncooked, frozen, whether or not containing added sugar	17%	Yes	[* * *]

¹Estimated ad valorem equivalent.

Description and uses.—The articles in this digest include frozen blackberries, mulberries, and red or white currants from one HTS subheading; frozen pineapples from another subheading; and all frozen nuts and frozen fruits that are not elsewhere specified or included (nesoi) from a third subheading. Of the nesoi frozen fruits, the most important in domestic production are apples, peaches, apricots, and non-citrus purees, although also included are citrus fruit, grapes, guavas, mangoes, nectarines, pears, and plums, among others.²

The principal uses for the frozen fruits of this digest are in the bakery trade for making pies and tarts and in the preserves industry for making jams and jellies, although many of the fruits can be thawed and eaten alone or mixed with others for salads or home baking. Some frozen fruit pulps of this digest may be used in the beverage and drinks industry.³

¹This digest includes the following HTS subheadings: 0811.20.40, 0811.90.50, and 0811.90.6080.

²The HTS 10-digit subheading 0811.90.6080 under review does not include frozen cherries that are provided for under the same rate of duty.

³Fruit and nuts of chapter 8 of the HTSUS, including frozen fruit and nuts, may be whole, sliced, chopped, shredded, stoned, pulped, grated, peeled, or shelled and remain within chapter 8 subheadings.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*40	*40	*40	*40	-	*40
Employment (1,000 employees).....	(3)	(3)	(3)	(3)	(3)	(3)
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Exports (1,000 dollars).....	4,255	4,710	8,114	6,784	17	8,724
Imports (1,000 dollars) ⁴	4,556	4,770	7,000	8,902	25	4,736
Consumption (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Import to consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	(3)
Capacity utilization (percent).....	(3)	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Owing to the use of different percentage allocations, data for 1987 and 1988 are probably overstated; also, data for 1989 are understated by about 2 percent compared with official statistics of the U.S. Department of Commerce.

Comment.—Most of the fruits in this digest are grown in the United States. Commercial production of blackberries, mulberries, and currants is situated primarily in Oregon and Washington; consequently, most of the freezers who handle these berries are also found in these states. Pineapple farms are found predominately in Hawaii and Puerto Rico. The other fruits in this digest are grown throughout the United States, and the freezers who handle them are equally dispersed. Among those covered by HTS subheading 0811.90.6080, peaches and apples are marketed in the greatest volume in the frozen form. Although California accounts for most of U.S. production of frozen peaches, Georgia, South Carolina, Pennsylvania, and several other states in the eastern part of the United States also have production. Frozen apples are produced throughout the United States, primarily in the Northern States.

Because of the wide range of frozen fruits of this digest, information on employment and shipments are not readily available. The following tabulation provides available information on frozen pack production trends for some of the fruits in this digest (in thousands of pounds):

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Apples.....	85,481	111,133	122,399	117,076
Apricots.....	11,770	14,308	22,227	14,675
Peaches.....	80,990	100,730	105,764	110,286
Plums & Prunes....	4,400	4,354	657	2,713
Noncitrus purees..	24,655	29,424	39,749	22,501
Blackberries.....	<u>12,681</u>	<u>12,955</u>	<u>21,027</u>	<u>21,437</u>
Total.....	219,977	272,904	311,823	288,688

Source: American Frozen Food Institute, Frozen Fruit and Berry Pack Statistics, 1988, p. 8.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent</u> <u>of GSP</u> <u>imports</u>	<u>Percent</u> <u>of U.S.</u> <u>consumption</u>
Total.....	4,736	100	-	(¹)
Imports from GSP countries:				
Total ²	4,056	86	100	(¹)
Thailand.....	1,548	33	38	(¹)
Costa Rica ³	1,036	22	26	(¹)
Chile.....	535	11	13	(¹)
Philippines.....	302	6	7	(¹)
Dominican Republic ³	234	5	6	(¹)

¹Not available.

²Imports from Bolivia, Colombia, Ecuador, and Peru were negligible during 1985-89.

³Imports from Costa Rica and the Dominican Republic are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA).

Comments.—In this digest, the import subheading with the highest rate of duty accounted for the greatest share of digest imports in 1989, as shown in the following tabulation.

<u>Digest subheading</u>	<u>1989 imports</u> <u>(\$1,000)</u>	<u>Share of digest</u> <u>imports</u> <u>(Percent)</u>
0811.20.40.....	135	3
0811.90.50.....	1,565	33
0811.90.6080.....	<u>3,036</u>	<u>64</u>
Total.....	4,736	100

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products¹..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products³..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹Not meaningful for the diversity of digest products.

²However, this country is below the digest average price level for frozen pineapple, the principle digest commodity supplied by this country.

³Not available.

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with¹—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

¹Not available for digest products as a whole because of the wide diversity of digest products.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1989¹..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes x No ___

Does the country have significant export markets besides the United States?..... Yes ___ No x

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No x

What is the price elasticity of import supply?..... High ___ Moderate x Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below x

Other foreign products..... Above ___ Equivalent ___ Below x

Quality compared with²—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Frozen pineapple accounted for 91 percent of digest imports from this supplier.

²Not available.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes x No ___

Does the country have significant export markets besides the United States?..... Yes ___ No x

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No x

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below x

Other foreign products..... Above ___ Equivalent ___ Below x

Quality compared with¹—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Not available for the diversity of products in this digest.

V. Position of interested parties

Petitioner.—The Government of Colombia has requested that frozen blackberries (HTS subheading 0811.20.40), frozen pineapple (HTS subheading 0811.90.50), and certain other frozen fruits (HTS subheading 0811.90.6080) be added to the list of items eligible for duty-free treatment under GSP. According to the petition, the production of blackberries, pineapple, and guavas and mangoes (the two fruits of interest under HTS subheading 0811.90.6080) is small compared to that of other GSP beneficiary countries. Although the country would benefit from GSP status for these items, the increase in exports to the United States, they stated, would be too small to affect the U.S. industry. They stated in their petition that frozen blackberries, guavas, and mangoes were either free of duty or received duty-free treatment under GSP before the United States converted to the HTS. They ask that the duty-free status of these items be reinstated, and that the U.S. Government not allow concerns over imports from Mexico to interfere with the granting of GSP status to Colombia and the other Andean countries. The petitioner appeared at the public hearing in support of their request for GSP status.

The Government of Peru has requested GSP status for frozen pineapple (HTS subheading 0811.90.50) and frozen mandarin oranges provided for under other frozen fruits and nuts, as designated by HTS subheading 0811.90.6080. The petition points out that pineapple can flourish in the same environment as the coca plant; thus, with the proper economic incentives, farmers in Peru could be encouraged to substitute pineapple for coca production. Other frozen fruits of interest to the Government of Peru include apricots, citrus fruits, peaches, and pears, according to the petition. They stated that some of these items required only a 7 percent ad valorem rate of duty under TSUS, but under the HTS the duty rate has been raised to 16 percent ad valorem. The petitioner appeared at the public hearing in support of their request for GSP status.

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The California Kiwifruit Commission (Commission), a non-profit entity of the State of California, opposes granting duty-free GSP treatment to HTS subheadings 0811.90.6080, the basket category covering "other frozen fruit," including frozen kiwifruit, and HTS 2008.99.80, the basket category covering "other fruit pulp," including kiwifruit pulp. The Commission argues that the three petitions by Colombia and Peru for a GSP review of these two HTS subheadings should have been rejected for review upon initial consideration by the GSP Trade Policy Staff Committee because: (1) The petitions submitted fail to meet the requirements for petitions set out in U.S. regulations at 15 C.F.R. paragraph 2007.1 that are necessary for a proper analysis of probable economic effects (35 specific omissions in the petitions were cited by the Commission); (2) the special GSP review for the Andean region is inconsistent with the GATT, by being in direct conflict with the nondiscrimination principle of Article 1; (3) the special review is inconsistent with U.S. statutory authority, by giving the right to request preferential treatment to a few select beneficiary countries which is at odds with GSP treatment being offered on a general basis to all eligible countries; (4) the special review imposes an onerous burden on U.S. industries, by being outside the annual review process and causing domestic parties the cost and burdens associated with having to repeatedly protest deficient, reoccurring requests for GSP review throughout the year; and (5) the unreasonable trade practices and other policies of Peru and Colombia are statutorily sufficient grounds on which to deny duty-free treatment (the Commission cited high tariffs, surcharges, restrictive licensing, export subsidies, and worker rights violations of Peru and Colombia). Notwithstanding the above reasons, the Commission urges that if GSP is to be granted, then duty-free treatment should be granted only to those items within the basket categories that were specifically requested by the petitioners, provided that such articles are found not to be import sensitive. The California Kiwifruit Commission also states that the U.S. kiwifruit industry is import sensitive, with world production having nearly doubled since 1987—leading to a global oversupply, and that

U.S. imports and exports have been adversely affected. The Commission states that eliminating the duty on processed kiwifruit items would likely encourage GSP beneficiary countries, including Mexico, to diversify into this sector. Of greatest concern the Commission stated, is Chile, provided Chile is reinstated as an eligible GSP beneficiary when it's eligibility is reviewed later this year, because Chile is one of the fastest growing kiwifruit producing nations in the world.

The California Avocado Commission is opposed to granting GSP benefits to the requests of the Andean countries covering "other fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter." The Commission also stated that: "Avocados, whether fresh, frozen, or prepared or preserved, are import sensitive. Several GSP countries, particularly Mexico, are sufficiently competitive with the U.S. product and do not warrant additional assistance of duty elimination. To extend duty-free access would create severe economic hardships to the U.S. industry."

The California Cling Peach Advisory Board opposes the request of Colombia and Peru for duty-free treatment under the GSP for "other fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter." This basket class includes frozen cling peaches. "Frozen cling peaches are a relatively new product for the industry." The Board stated that "since frozen peaches are used to produce finished peach products, duty-free treatment on this item would adversely affect all other cling peach outlets, whether canned or otherwise processed." The Board believes that "A tariff elimination on semi-processed product will encourage cling peaches from GSP sources to the immediate detriment of the entire California industry."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effects advice deleted.]

Digest No.
0811.20.40

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	HTS/TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
0811.20.40	146.7800 ⁴ (80%)	14	14	14	14	14
	152.8840 (5%)	15	15	15	15	-
0811.90.50 ¹	148.9840 ² (35%)	1.2	0.8	0.9	0.6	-
		-	-	-	-	0.8
0811.90.6080	146.3000 ³ (0%)	18.9	20.9	21.6	12.7	17
	146.6900 ⁴ (20%)	7	7	7	7	-
	146.7800 ⁴ (20%)	14	14	14	14	-
	146.8700 ⁴ (80%)	2.8	2.8	2.8	2.8	-
	147.7700 (25%)	9.6	8.3	7	7	-
	147.8500 ⁴ (20%)	1	0.5	Free	Free	-
	148.0800 ⁵ (10%) ⁶	2.5	2.8	2.7	2.8	-
	148.7700 ⁴ (0%)	10	10	10	10	-
	148.7800 (0%) ⁷	20	20	-	-	-
	148.7820 (10%) ⁷	-	-	20	20	-
	148.7840 (20%) ⁷	-	-	20	20	-
	148.8600	18	18	-	-	-
	148.8620 (0%)	-	-	18	18	-
	148.8640 (0%)	-	-	18	18	-
	149.2840 (0%)	17.5	17.5	17.5	17.5	-
	149.6000 ⁴ (5%)	7	7	7	7	-
	150.0500 (5%)	17.5	17.5	-	-	-
	150.0550 (60%)	-	-	17.5	17.5	-
	152.6000 ⁴ (40%)	15	15	15	15	-
	152.8840 (5%)	15	15	15	15	-

¹The specific rate of duty is 0.55 cents per kilogram.

²The specific rate of duty declined from 0.38 cents per pound in 1985 to 0.31 cents per pound in 1986 and to 0.25 cents per pound in 1987 and 1988.

³The specific rate of duty declined from 6.3 cents per pound in 1985 to 6.1 cents per pound in 1986 and to 6 cents per pound in 1987 and 1988.

⁴This item was GSP eligible under the TSUS.

⁵The specific rate of duty was 1.5 cents per pound.

⁶This item was GSP eligible under the TSUS; the AVE is computed on all imports whether or not entered free of duty.

⁷This item provides for otherwise prepared or preserved yellow peaches, including canned peaches; the percentage allocations into the HTS for statistical purposes of frozen peaches, under TSUS items 148.7820 and 148.7840, are likely overstated for the years 1987 and 1988.

Table I.

Digest Title: Certain frozen fruit
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Thailand.....	920	1,230	704	842	1,548
Costa Rica.....	12	50	83	108	1,036
Chile.....	148	344	679	1,379	535
Philippines.....	302	81	63	91	302
Dominican Rep....	245	439	297	381	234
Canada.....	115	191	514	418	105
China.....	36	38	20	37	104
New Zealand.....	161	265	7	7	98
Spain.....	60	31	226	523	88
Malaysia.....	2	5	7	8	87
France.....	14	27	41	43	86
Greece.....	31	52	861	2,614	82
Yugoslavia.....	664	593	202	114	76
Indonesia.....	0	1/	1/	1/	65
Colombia.....	13	25	20	45	41
All other.....	1,832	1,400	3,275	2,292	250
Total.....	4,556	4,770	7,000	8,902	4,736
GSP Total 2/..	3,270	3,702	4,534	4,757	4,056
GSP+4 2/.....	3,621	3,968	4,696	4,882	4,104
Percent					
Thailand.....	20.2	25.8	10.1	9.5	32.7
Costa Rica.....	.3	1.0	1.2	1.2	21.9
Chile.....	3.3	7.2	9.7	15.5	11.3
Philippines.....	6.6	1.7	.9	1.0	6.4
Dominican Rep....	5.4	9.2	4.2	4.3	4.9
Canada.....	2.5	4.0	7.3	4.7	2.2
China.....	.8	.8	.3	.4	2.2
New Zealand.....	3.5	5.6	.1	.1	2.1
Spain.....	1.3	.7	3.2	5.9	1.9
Malaysia.....	1/	.1	.1	.1	1.8
France.....	.3	.6	.6	.5	1.8
Greece.....	.7	1.1	12.3	29.4	1.7
Yugoslavia.....	14.6	12.4	2.9	1.3	1.6
Indonesia.....	.0	1/	1/	1/	1.4
Colombia.....	.3	.5	.3	.5	.9
All other.....	40.2	29.3	46.8	25.7	5.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	71.8	77.6	64.8	53.4	85.6
GSP+4 2/.....	79.5	83.2	67.1	54.8	86.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain frozen fruit
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	1,196	1,184	1,475	1,267	3,411
Japan.....	1,629	1,360	2,663	1,945	1,990
Hong Kong.....	30	50	91	86	504
United Arab Em...	1/	35	30	43	388
Australia.....	24	225	507	283	362
West Germany.....	285	421	406	391	352
United Kingdom...	245	665	793	968	319
Philippines.....	1/	0	4	22	279
Kuwait.....	4	1/	25	1/	259
Singapore.....	22	12	30	25	179
Netherlands.....	358	242	1,321	1,027	177
Sweden.....	69	86	134	145	149
Mexico.....	36	20	32	78	77
Saudi Arabia.....	12	5	9	4	49
France.....	3	1	1/	4	39
All other.....	341	404	592	494	191
Total.....	4,255	4,710	8,114	6,784	8,724
GSP Total 2/..	244	210	201	225	448
GSP+4 2/.....	362	318	513	524	1,158
Percent					
Canada.....	28.1	25.1	18.2	18.7	39.1
Japan.....	38.3	28.9	32.8	28.7	22.8
Hong Kong.....	.7	1.1	1.1	1.3	5.8
United Arab Em...	1/	.7	.4	.6	4.4
Australia.....	.6	4.8	6.3	4.2	4.2
West Germany.....	6.7	8.9	5.0	5.8	4.0
United Kingdom...	5.8	14.1	9.8	14.3	3.7
Philippines.....	1/	.0	.1	.3	3.2
Kuwait.....	.1	1/	.3	1/	3.0
Singapore.....	.5	.2	.4	.4	2.1
Netherlands.....	8.4	5.1	16.3	15.1	2.0
Sweden.....	1.6	1.8	1.7	2.1	1.7
Mexico.....	.9	.4	.4	1.1	.9
Saudi Arabia.....	.3	.1	.1	.1	.6
France.....	.1	1/	1/	.1	.4
All other.....	8.0	8.6	7.3	7.3	2.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	5.7	4.5	2.5	3.3	5.1
GSP+4 2/.....	8.5	6.7	6.3	7.7	13.3

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1102.90.40

CERTAIN CEREAL FLOURS

Certain Cereal Flours

I. Introduction

Certain cereal flours: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
1102.90.40	Other cereal flours (i.e. barley, oats, and grain sorghum)	20.0%	Yes	[***]

Description and uses.—Among the cereal flours included in this digest are those of barley, oats, and grain sorghum. Cereal flours in this digest may be improved by the addition of very small quantities of mineral phosphates, anti-oxidants, emulsifiers, vitamins or prepared baking powders. The flour is typically used in pastries, breads, pastas, meals, flours, natural cereals, cookies, granola, baby food, soups, and gravies. Cereal flours of wheat or meslin, rye, corn (maize), rice, and buckwheat are not included in this digest.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	**100	**100	**100	**100	**-	**100
Employment (1,000 employees).....	**25	**25	**25	**25	**-	**25
Shipments (1,000 dollars).....	**90,000	**90,000	**90,000	**90,000	**-	**90,000
Exports (1,000 dollars).....	3,968	4,552	5,289	5,513	12	7,603
Imports (1,000 dollars) ³	34	68	151	87	37	293
Consumption (1,000 dollars).....	**86,066	**85,516	**84,862	**84,574	**1	**82,690
Import to consumption ratio (percent)....	** ⁽⁴⁾	** ⁽⁴⁾	** ⁽⁴⁾	** ⁽⁴⁾	**38	** ⁽⁴⁾
Capacity utilization (percent) ⁵	83	83	83	83	-	83

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Estimated by the staff of the U.S. International Trade Commission.

⁴Less than 0.5 percent.

⁵Compiled from official statistics of the U.S. Department of Commerce.

Comment.—Food use of cereal production has averaged about 8 percent in recent years as feed use has declined. U.S. producers are highly competitive in growing and processing cereals fit for human consumption; imports consist mostly of specialized products which are not grown domestically. U.S. exports of digest products in 1989 greatly exceeded imports, with the value of exports approximately \$8 million, while the value of imports was estimated at \$293,000.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	293	100	-	** ⁽¹⁾
Imports from GSP countries:				
Total ²	164	56	100	** ⁽¹⁾
Israel ³	141	48	86	** ⁽¹⁾
El Salvador.....	10	3	6	** ⁽¹⁾
Argentina.....	6	2	4	** ⁽¹⁾
Uruguay.....	5	2	3	** ⁽¹⁾

¹ Less than 0.5 percent.

² There were no imports from Bolivia, Ecuador, Peru, and Colombia in 1989.

³ Although imports of certain cereal flours from Israel are eligible for duty-free entry under the GSP, imports of these items during 1989 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

Comment.—In 1989, GSP imports of digest products amounted to \$164,000 or about 56 percent of total imports. Israel is the principal GSP supplier and accounted for 86 percent of all imports entered under GSP in 1989. El Salvador is the second leading GSP supplier accounting for 6 percent of such imports. Imports from El Salvador currently enter the United States duty-free under the Caribbean Basin Economic Recovery Act.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for El Salvador for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for Uruguay for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... n/a

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The Foreign Trade Institute of Peru petitioned to have products in this digest added to the list of products with GSP treatment. The petitioner states specific interest in exports of barley flour to the United States and cites that employment in Peru would increase by 48 percent from the increased exports of these crops. According to the petitioner, barley flour is obtained after roasting and milling barley. Among the mill industry products, the barley contains a high percentage (45 percent) of starch giving to a great protein and nutritive value.

Opposition.—The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1102.90.40		-	-	-	-	20.0
	131.12.00 (0%)	5.7	3.3	4.0	4.9	-
	131.25.00 (0%)	10.0	10.0	10.0	10.0	-
	131.45.00 (10%)	20.0	20.0	20.0	20.0	-
	131.46.00 (10%)	16.0	16.0	16.0	16.0	-
	131.50.00 (0%)	1.6	4.4	3.0	3.2	-
	131.57.00 (0%)	(¹)	(¹)	1.0	0.5	-
	131.65.00 (0%)	1.7	3.4	1.5	1.6	-
	131.80.00 (0%)	10.0	10.0	10.0	10.0	-
	183.05.00 (0%)	10.0	10.0	10.0	10.0	-
	183.05.20 (0%)	10.0	10.0	(²)	(²)	-
	183.05.30 (0%)	(²)	(²)	10.0	10.0	-

¹No trade.

²Not applicable.

Table II.

Digest No.
11029040Digest Title: Certain cereal flours
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	308	128	23	45	3,314
Canada.....	266	462	529	908	1,024
Haiti.....	35	18	1,675	740	501
Egypt.....	0	3	0	0	459
Angola.....	4	6	0	23	375
Ghana.....	21	17	23	25	308
Sweden.....	22	30	27	14	249
Japan.....	95	103	25	123	220
France.....	31	37	41	1,031	125
Mauritania.....	0	0	0	0	109
Jamaica.....	45	27	9	127	85
Mali.....	0	0	0	0	78
Lebanon.....	3	0	6	3	74
Costa Rica.....	84	55	32	24	70
Bahamas.....	231	556	355	324	59
All other.....	2,824	3,109	2,544	2,126	552
Total.....	3,968	4,552	5,289	5,513	7,603
GSP Total 1/..	2,647	2,961	4,136	2,928	5,763
GSP+4 1/.....	2,684	3,010	4,177	2,965	5,817
Percent					
Mexico.....	7.8	2.8	.4	.8	43.6
Canada.....	6.7	10.2	10.0	16.5	13.5
Haiti.....	.9	.4	31.7	13.4	6.6
Egypt.....	.0	.1	.0	.0	6.0
Angola.....	.1	.1	.0	.4	4.9
Ghana.....	.5	.4	.4	.4	4.0
Sweden.....	.5	.7	.5	.3	3.3
Japan.....	2.4	2.3	.5	2.2	2.9
France.....	.8	.8	.8	18.7	1.6
Mauritania.....	.0	.0	.0	.0	1.4
Jamaica.....	1.1	.6	.2	2.3	1.1
Mali.....	.0	.0	.0	.0	1.0
Lebanon.....	.1	.0	.1	.1	1.0
Costa Rica.....	2.1	1.2	.6	.4	.9
Bahamas.....	5.8	12.2	6.7	5.9	.8
All other.....	71.2	68.3	48.1	38.6	7.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	66.7	65.1	78.2	53.1	75.8
GSP+4 1/.....	67.6	66.1	79.0	53.8	76.5

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1104.22.00

CERTAIN GRAINS

Certain Grains¹

I. Introduction

Certain grains: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1104.22.00	Cereal grains of oats other than rolled or flaked	2.0%	Yes	[***]
1104.23.00	Cereal grains of corn (maize) other than rolled or flaked	6.4%	Yes	[***]

Description and uses.—This digest consists of oats and corn (maize) cereal grains, worked, other than rolled or flaked. Grains are used almost entirely in milled forms, as human food and in animal feeds. The United States is a major world producer and substantial net exporter of grains. The most important grains produced in the United States are corn, wheat, grain sorghum, and rice. Oats, wheat, and rice are the principal grains imported into the United States.

¹This digest includes the following HTS subheadings: 1104.22.00 and 1104.23.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	
					1985 ²	1989
Producers (number).....	**100	**100	**100	**100	**-	**100
Employment (1,000 employees).....	**6,000	**6,000	**6,000	**6,000	**-	**6,000
Shipments (1,000 dollars).....	**95,000	**95,000	**95,000	**95,000	**-	**95,000
Exports (1,000 dollars).....	1,872	2,519	1,694	2,370	8	3,033
Imports (1,000 dollars).....	3,919	1,766	3,098	2,971	-9	7,059
Consumption (1,000 dollars).....	**97,047	**94,247	**96,404	**95,601	**1	**99,026
Import to consumption ratio (percent)....	**4	**2	**3	**3	**-8	**7
Capacity utilization (percent) ³	83	83	83	83	-	83

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Compiled from official statistics of the U.S. Department of Commerce.

Comment.—Food use of cereal production has averaged about 8 percent in recent years as feed use has declined. U.S. producers are highly competitive in growing and processing cereals fit for human consumption. Imports of cereal grains of oats accounted for 98% of the value of the imports included in this digest during 1989.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Imports from GSP countries:				
Total ¹	1,445	20	100	**1
Argentina.....	1,375	19	95	**1
Chile.....	56	1	4	** ⁽²⁾
Mexico.....	11	⁽²⁾	1	** ⁽²⁾

¹There were no imports from Bolivia, Ecuador, Peru, and Colombia in 1989.

²Less than 0.5 percent.

Comment.—In 1989, GSP imports of digest products amounted to \$1.4 million or about 20 percent of total imports. Argentina is the principal GSP supplier and accounted for 95 percent of all imports entered under GSP in 1989. Total imports accounted for **7 percent of U.S. consumption in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No ___

Does the country have significant export markets besides the
United States?..... Yes x No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No ___

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... n/a

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No ___

Does the country have significant export markets besides the
United States?..... Yes x No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No ___

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

V. Position of interested parties

Petitioners.—The Government of Colombia petitioned to have products in this digest added to the list of products with GSP treatment. They are particularly interested in oat bran (HTS subheading 1104.22.00). The petition states that GSP treatment would greatly benefit the Colombian industry as a source of much-needed employment. It further states that Colombian exports of bran cannot compete in the U.S. market without duty-free status. The petitioner requests that to the extent there are concerns about the impact that GSP imports from other GSP countries such as Mexico would have on the domestic industry, that the President grant this petition only with respect to Colombia, other Andean nations, and other GSP beneficiaries determined not to be competitive in the U.S. market.

The Embassy of Ecuador has requested that corn (HTS subheading 1104.23.00) be granted duty-free treatment. The petitioner contends that GSP benefits will help Ecuador expand its exports [***] and benefit very poor farmers and peasants.

Opposition.—The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1104.22.00		-	-	-	-	2.0
	130.45.00 (0%)	0.6	0.5	Free	Free	-
	131.25.00 (100%)	10.0	10.0	10.0	10.3	-
	131.27.00 (0%)	1.5	1.7	1.9	2.1	-
	131.65.00 (100%)	5.0	5.0	5.0	5.0	-
1104.23.00		-	-	-	-	6.4
	131.20.00 (0%)	1.6	1.4	1.4	1.4	-
	131.60.00 (99%)	5.0	6.9	5.3	4.7	-
	131.61.00 (100%)	(¹)	(¹)	(¹)	(¹)	-

(¹)No trade.

Table I.

Digest Title: Certain grains
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,000	1,080	2,955	2,929	3,020
United Kingdom...	0	0	0	25	1,679
Argentina.....	16	0	0	0	1,375
Australia.....	0	0	0	0	670
West Germany.....	0	4	0	0	137
Chile.....	0	0	0	0	56
Denmark.....	0	0	0	0	47
Finland.....	0	0	0	3	40
Mexico.....	0	0	4	2	11
Switzerland.....	0	0	0	0	11
Korea.....	0	5	0	0	8
Italy.....	3	4	0	0	2
Brazil.....	867	149	133	0	2
Honduras.....	0	0	0	0	1
Jamaica.....	0	4	0	0	0
All other.....	34	520	6	12	0
Total.....	3,919	1,766	3,098	2,971	7,059
GSP Total 2/..	909	157	143	14	1,445
GSP+4 2/.....	909	162	143	14	1,453
Percent					
Canada.....	76.5	61.2	95.4	98.6	42.8
United Kingdom...	.0	.0	.0	.8	23.8
Argentina.....	.4	.0	.0	.0	19.5
Australia.....	.0	.0	.0	.0	9.5
West Germany.....	.0	.2	.0	.0	1.9
Chile.....	.0	.0	.0	.0	.8
Denmark.....	.0	.0	.0	.0	.7
Finland.....	.0	.0	.0	.1	.6
Mexico.....	.0	.0	.1	.1	.2
Switzerland.....	.0	.0	.0	.0	.2
Korea.....	.0	.3	.0	.0	.1
Italy.....	.1	.3	.0	.0	1/
Brazil.....	22.1	8.4	4.3	.0	1/
Honduras.....	.0	.0	.0	.0	1/
Jamaica.....	.0	.2	.0	.0	.0
All other.....	.9	29.4	.2	.4	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	23.2	8.9	4.6	.5	20.5
GSP+4 2/.....	23.2	9.2	4.6	.5	20.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain grains
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Malawi.....	0	0	0	0	995
Mexico.....	287	212	155	61	519
West Germany.....	79	68	44	56	313
Peru.....	1	2	1	0	209
Canada.....	272	275	267	388	203
Switzerland.....	0	0	5	4	147
Japan.....	122	8	12	177	112
United Kingdom...	12	119	53	131	97
Netherlands.....	6	7	10	17	92
Denmark.....	1	3	1	1	59
Panama.....	60	152	207	125	59
Mozambique.....	0	0	0	0	46
Somalia.....	0	0	0	0	45
Guatemala.....	51	352	276	241	35
Norway.....	0	0	0	1	33
All other.....	982	1,321	662	1,170	69
Total.....	1,872	2,519	1,694	2,370	3,033
GSP Total 2/..	1,170	1,852	1,127	1,342	1,972
GSP+4 2/.....	1,247	1,911	1,173	1,386	1,972
Percent					
Malawi.....	.0	.0	.0	.0	32.8
Mexico.....	15.3	8.4	9.1	2.6	17.1
West Germany.....	4.2	2.7	2.6	2.4	10.3
Peru.....	1/	.1	.1	.0	6.9
Canada.....	14.5	10.9	15.8	16.4	6.7
Switzerland.....	.0	.0	.3	.2	4.9
Japan.....	6.5	.3	.7	7.5	3.7
United Kingdom...	.7	4.7	3.1	5.5	3.2
Netherlands.....	.3	.3	.6	.7	3.0
Denmark.....	.1	.1	1/	1/	1.9
Panama.....	3.2	6.0	12.2	5.3	1.9
Mozambique.....	.0	.0	.0	.0	1.5
Somalia.....	.0	.0	.0	.0	1.5
Guatemala.....	2.7	14.0	16.3	10.2	1.2
Norway.....	.0	.0	.0	1/	1.1
All other.....	52.5	52.5	39.1	49.3	2.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	62.5	73.5	66.5	56.6	65.0
GSP+4 2/.....	66.6	75.9	69.2	58.5	65.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1212.92.00

SUGAR CANE

Sugar Cane

I. Introduction

Sugar cane; Harmonized Tariff Schedule (HTS) subheading for digest product; Short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; probable effects on U.S. imports and production.

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
1212.92.00	sugar cane	22% (ave)	Yes	[***]

Description and uses.—This digest covers sugar cane, fresh or dried, whether or not ground. Due to the rapid breakdown of the sucrose in the cane following cutting, the product is usually not imported/exported, but rather processed into raw sugar within hours of cutting at facilities nearby. After processing, this product becomes a very pervasive ingredient in a wide variety of food types.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	*1,350	*1,250	*1,150	1,038	*-8	*980
Employment (1,000 employees):						
Full-time.....	*43	*43	*41	*40	*-2	*40
Part-time.....	*33	*32	*31	*30	*-3	*29
Seasonal.....	*10	*10	*10	*10	*0	*10
Production (1,000 dollars).....	733,400	717,600	790,000	821,200	4	*792,458
Exports (1,000 dollars).....	111	572	781	620	22	319 ³
Imports (1,000 dollars).....	8	380	94	12	10	1,381 ³
Consumption (1,000 dollars).....	733,408	717,980	790,094	821,212	4	*849,954
Import to consumption ratio (percent).....	(⁴)	(⁴)	1	(⁴)	(⁴)	(⁴)
Capacity utilization (percent).....	(⁵)	(⁵)	(^{5})	(^{5})	(^{5})	(^{5})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Although these are the reported statistics, industry and ITC sources indicate that they may be too high. However, due to the very small amount of sugar cane imported, specific alternative sources of statistics are not available. All information indicates that any alternative statistics would be lower.

⁴Less than 0.5 percent.

⁵Not available.

Comments.—U.S. sugarcane is grown in four states: Florida, Hawaii, Louisiana, and Texas. There is little domestic market for sugar cane per se, except as a specialty confectionery item. Sugar cane is almost exclusively converted into raw sugar. Although in the time period specified the number of mills for processing sugar cane declined and production per acre remained relatively constant, the overall harvested area increased by approximately twelve percent. Sugarcane farms are usually a one crop operation, with alternative uses for the land in sugarcane being relatively limited. Approximately half the farms are vertically integrated through raw sugar processing. In all the states but Florida, most production and harvesting operations are mechanized.

Belying any advantages that may stem from price differences between imported and domestic sugar cane is the fact that production close to the processing mills minimizes transportation costs and sucrose loss of cut cane.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,381	100	-	(²)
Imports from GSP countries:				
Total ¹	1,381	100	100	(²)
Thailand.....	1,358	98	98	(²)
Colombia.....	23	2	2	(²)

¹Imports from Bolivia, Ecuador, and Peru were negligible in 1989.

²Less than 0.5 percent.

Comment: Sugar cane imports averaged approximately \$177,000 annually during 1985-89. The 1989 figure represents a significant increase in imports. The severe weather reduction of the 1989 domestic U.S. crop allowed an expansion of the overall sugar import quota. Additionally, imports increased because of higher re-export activity by U.S. refiners. The specific increase in exports to the United States by Thailand is indicative of the growing strength of Thailand as a sugar exporter. Thailand became the world's third largest exporter in 1988/89, exporting nearly 3 million tons of sugar. Although Cuba and the EC exported more, Thailand maintained the lowest consumption to production ratio of the three. Raw sugar accounts for the majority of Thai exports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No _

What is the price elasticity of U.S. demand?..... High X Moderate _ Low _

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No _

Does the country have significant export markets besides the
United States?..... Yes X No _

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No _

What is the price elasticity of import supply?..... High X Moderate _ Low _

Price level compared with—

 U.S. products..... Above _ Equivalent X Below _

 Other foreign products..... Above _ Equivalent X Below _

Quality compared with—

 U.S. products..... Above _ Equivalent X Below _

 Other foreign products..... Above _ Equivalent X Below _

IV. Competitiveness profiles, GSP suppliers—Continued.

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment: The petitioner (Ecuador) may benefit as a result of duty-free treatment. At the present time Ecuador is not a supplier of sugar cane to the United States. [

] Currently the largest import supplier to the United States, Thailand is the GSP supplier most likely to increase supplies to the U.S. market by a significant amount in the short term.

V. Position of interested parties

Petitioner.—The Commercial Office of the Embassy of Ecuador has requested that "sugar cane, fresh or dried, whether or not ground" be added to the list of GSP duty-free items. According to the petitioner, the principal beneficiary of the inclusion of sugar cane in GSP would be small Ecuadorean farmers. Corporate cane growers also are expected to benefit, but to a lesser extent because they mill their own cane into raw sugar. [

]

Opposition.—The State of Hawaii Department of Agriculture stated in its submission concerning the granting of GSP status to HTS number 1212.92.00 that it is firmly opposed to the reduction or elimination of import duties on sugar. However, the State finds that the elimination of import duties on sugarcane which is used primarily for human consumption may have negligible impact on the domestic industry.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, and vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1212.92.00	155.1200 (100%)	¹ NA	44.7	22.4	30.4	21.0

¹The amount of sugar cane imported in 1985 in volume was unavailable due to the small size of the shipments. The total value of imports in 1985 was only 19,000 dollars.

Table I.

Digest Title: Sugar cane
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Thailand.....	3	14	3	1	1,358
Colombia.....	0	357	9	0	23
Canada.....	0	0	14	11	0
Costa Rica.....	3	9	0	0	0
Dominican Rep....	0	0	19	0	0
St Chris-Nevis...	0	1	0	0	0
Netherlands Ant..	0	0	1	0	0
United Kingdom...	0	0	0	0	0
France.....	0	0	0	0	0
West Germany.....	2	0	0	0	0
Switzerland.....	0	0	0	0	0
Italy.....	0	0	0	0	0
China.....	0	0	30	0	0
Hong Kong.....	0	0	11	0	0
Taiwan.....	0	0	0	0	0
All other.....	0	0	8	0	0
Total.....	8	380	94	12	1,381
GSP Total 1/..	6	380	32	1	1,381
GSP+4 1/.....	6	380	43	1	1,381
Percent					
Thailand.....	43.5	3.6	3.1	10.2	98.3
Colombia.....	.0	93.8	9.3	.0	1.7
Canada.....	.0	.0	14.5	89.8	.0
Costa Rica.....	33.9	2.4	.0	.0	.0
Dominican Rep....	.0	.0	20.5	.0	.0
St Chris-Nevis...	.0	.3	.0	.0	.0
Netherlands Ant..	.0	.0	1.4	.0	.0
United Kingdom...	.0	.0	.0	.0	.0
France.....	.0	.0	.0	.0	.0
West Germany.....	22.5	.0	.0	.0	.0
Switzerland.....	.0	.0	.0	.0	.0
Italy.....	.0	.0	.0	.0	.0
China.....	.0	.0	31.7	.0	.0
Hong Kong.....	.0	.0	11.5	.0	.0
Taiwan.....	.0	.0	.0	.0	.0
All other.....	.0	.0	8.1	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	77.5	100.0	34.3	10.2	100.0
GSP+4 1/.....	77.5	100.0	45.7	10.2	100.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
12129200Digest Title: Sugar cane
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Honduras.....	0	0	0	0	317
Bahamas.....	25	0	4	31	2
Canada.....	50	8	483	9	0
Mexico.....	0	0	0	2	0
Costa Rica.....	0	0	0	0	0
Panama.....	0	0	0	0	0
Jamaica.....	0	0	0	0	0
Turks & Caic Is..	4	0	0	0	0
Cayman Is.....	6	0	0	0	0
Haiti.....	0	0	0	0	0
St Chris-Nevis...	0	0	0	224	0
Grenada.....	0	0	0	0	0
Barbados.....	2	0	0	0	0
Trin & Tobago....	0	0	0	2	0
Aruba.....	3	7	5	0	0
All other.....	22	557	290	352	0
Total.....	111	572	781	620	319
GSP Total 1/..	39	12	18	261	319
GSP+4 1/.....	53	12	18	261	319
Percent					
Honduras.....	.0	.0	.0	.0	99.5
Bahamas.....	22.3	.0	.5	4.9	.5
Canada.....	45.2	1.4	61.8	1.4	.0
Mexico.....	.0	.0	.0	.4	.0
Costa Rica.....	.0	.0	.0	.0	.0
Panama.....	.0	.0	.0	.0	.0
Jamaica.....	.0	.0	.0	.0	.0
Turks & Caic Is..	3.6	.0	.0	.0	.0
Cayman Is.....	5.0	.0	.0	.0	.0
Haiti.....	.0	.0	.0	.0	.0
St Chris-Nevis...	.0	.0	.0	36.2	.0
Grenada.....	.0	.0	.0	.0	.0
Barbados.....	1.5	.0	.0	.0	.0
Trin & Tobago....	.0	.0	.0	.3	.0
Aruba.....	2.5	1.3	.6	.0	.0
All other.....	19.9	97.4	37.1	56.8	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	35.0	2.2	2.4	42.0	100.0
GSP+4 1/.....	48.0	2.2	2.4	42.0	100.0

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1507.90.40

REFINED SOYBEAN OIL

Refined Soybean Oil

I. Introduction

Refined soybean oil: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1507.90.40	Soybean oil, refined, except pharmaceutical grade	22.5%	Yes	[***]

Description and uses.—Soybean oil is the dominant vegetable oil consumed and produced in the United States and the second leading vegetable oil traded in the world. Soybeans are processed (crushed) into soybean meal and crude soybean oil. Crude soybean oil is then refined into once-refined or fully refined soybean oil, which is then used mainly for salad and cooking, margarine or baking fats (shortening). Most world trade in soybean oil occurs in the form of crude soybean oil although smaller amounts of refined soybean oil are exported as well.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*50	*48	*47	*46	*-3	*45
Employment (million employees).....	*3	*3	*3	*2	*-12	*2
Production (million dollars) ³	*2,900	*1,700	*1,600	*2,500	*-5	*2,200
Exports (million dollars).....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	54
Imports (million dollars).....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	(⁵)
Consumption (million dollars).....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	*2,146
Import to consumption ratio (percent).....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	(⁶)
Capacity utilization (percent).....	*81	*86	*87	*87	*7	*87

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Production data are shown on a crop-year basis, ending in the year shown.

⁴Not available.

⁵Less than \$500,000.

⁶Less than 0.5 percent.

Comment.—The United States is the leading world producer of soybeans and soybean oil; it has been the second or third leading exporter (behind Argentina and Brazil) of soybean oil in the world since the early 1980s. The United States is by far a net exporter of soybean oil, as shown in the following tabulation, as compiled from data of the United States Department of Agriculture (in 1,000 metric tons):

Crop year (beg. Oct. 1)—	Pro- duc- tion	Imports	Exports	Apparent consump- tion	Ending stocks
1984/85.....	5,202	9	753	4,498	287
1985/86.....	5,269	4	570	4,560	430
1986/87.....	5,798	7	538	4,915	782
1987/88.....	5,885	88	850	4,956	949
1988/89.....	5,324	62	754	4,803	778

Soybean oil competes in domestic and foreign markets with a large number of other vegetable oils and animal fats such as palm oil, sunflowerseed oil, and beef tallow. U.S. soybean oil output is equivalent to about one-half of the approximately 9 million metric tons of fats and oils consumed annually in the U.S. market. Imports of fats and oils have supplied about one-seventh of the domestic fats and oils market, with most of the imports being composed of oils other than soybean oil, namely coconut, olive, palm, palm-kernel, and canola oils. Soybean oil imports have come mainly from Argentina and Brazil, and accounted for about 1 percent of domestic consumption of soybean oil in 1988/89.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	78	100	0	*(¹)
Imports from GSP countries: Total ²	0	0	100	0

¹Less than 0.5 percent.

²There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

Comment.—There were no imports of refined (or crude) soybean oil from GSP-eligible countries in 1989; total imports of refined soybean oil amounted to less than \$100,000 in that year. In 1988, however, two GSP-eligible countries Argentina and Brazil supplied 87 percent of the \$51 million in imports.

In 1989, U.S. imports of soybean oil fell sharply from the prior year as the price spread between domestic and world prices of soybean oil narrowed very sharply from that experienced during 1987-88. During 9 months in 1988, the prices of Argentine and Brazilian soybean oil (including c.i.f. changes and the 22.5-percent duty) undersold domestic soybean oil by as much as 6 percent. By 1989, the price (including the 22.5-percent duty) spread had narrowed or become negative. However, during crop year 1988/89, the price (on the world market) of Brazilian soybean oil (f.o.b. Brazil) was \$412 per ton or 10 percent below the U.S. price of \$460 per ton (f.o.b. Decatur).

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989 1¹

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

¹Ranking in 1988.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989 2¹

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

¹ Ranking in 1988.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989	<u>N/A</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u>X</u>	No <u> </u>
What is the price elasticity of U.S. demand?.....	High	<u>X</u>	Moderate <u> </u> Low <u> </u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u>X</u>	No <u> </u>
Does the country have significant export markets besides the United States?.....	Yes	<u>X</u>	No <u> </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u>X</u>	No <u> </u>
What is the price elasticity of import supply?.....	High	<u>X</u>	Moderate <u> </u> Low <u> </u>
Price level compared with—			
U.S. products.....	Above <u> </u>	Equivalent <u> </u>	Below <u>X</u>
Other foreign products.....	Above <u> </u>	Equivalent <u>X</u>	Below <u> </u>
Quality compared with—			
U.S. products.....	Above <u> </u>	Equivalent <u>X</u>	Below <u> </u>
Other foreign products.....	Above <u> </u>	Equivalent <u>X</u>	Below <u> </u>

Comment.—Argentina is the leading or second-leading soybean oil exporter in the world, having surpassed the United States in the mid 1980's; Brazil is the other leading exporter. For the most part, soybean oil from Argentina and Brazil undersells U.S. soybean oil in third country markets. Under current market conditions and without the U.S. duty, soybean oil from both countries would undersell domestic soybean oil in the U.S. market.

Bolivia is a minor soybean oil producer and exporter. Bolivian soybean production has expanded rapidly in recent years as has its soybean crushing and soybean-oil refining industry. Bolivian soybean oil output in 1988/89 was about 77 million pounds, with about 11 million pounds being exported. Crude soybean oil is imported legally into Bolivia from Argentina, and then refined and packaged for retail sale in Bolivia. This allows the Bolivian processors to take advantage of unused refining capacity when domestic crude oil is not sufficiently available, as was the case in 1988.¹ A large amount of soybean and other vegetable oils also enters Bolivia as contraband from Argentina and Peru.²

V. Position of interested parties

Petitioner.—The petitioner is the Government of Bolivia which indicated that in that country there is great potential to increase the planted acreage in soybeans, and to utilize the excess capacity of soybean-oil processing plants if GSP designation were granted. The petition indicated that Bolivia could be expected to increase its exports (i.e. its output) to the United States by about 14 million pounds of soybean oil, and that in 1988, only about 40 percent of Bolivian soybean processing capacity was utilized.

Opposition.—The American Soybean Association (ASA), a soybean-farmer organization, indicated in a written statement that it is opposed to granting GSP status for refined soybean oil. The ASA indicated that two GSP-eligible countries, Argentina and Brazil, have already proven to be aggressive competitors in the international market for soybean oil, surpassing the United States as the leading soybean oil exporters. According to the association, there was an unfair export trade complaint filed under section 301 of the Trade Act against soybean oil from Argentina; Brazil also employs a differential export tax scheme which favors its soybean oil exporters. Argentina and Brazil would be the principal beneficiaries of GSP designation for soybean oil, and none of the four Andean nations would likely benefit, says the ASA.

The National Oilseed Processors Association (NOPA) which represents most U.S. soybean processors is opposed to granting GSP designation to refined soybean oil. With GSP status, imports of soybean oil should increase, and further add to surplus stocks of soybean oil in the U.S. market, depressing prices U.S. producers and processors receive, according to NOPA. NOPA indicated that granting GSP

¹ Gary Groves, Bolivia Oilseeds and Products Annual, FAS Attache Report, USDA, Dec. 22, 1988, pp. 8; and Dec. 11, 1989, p.7.

² Groves, Ibid.

status could result in Argentine and Brazilian soybean oil being transshipped to the United States in order to enter the U.S. market free of duty since it is reasonable to believe that Argentine, Brazilian and Paraguayan processors and traders would attempt to use the Bolivian GSP status to evade the current 22.5-percent U.S. duty. The association strongly opposes the granting of GSP for soybean oil on the grounds that it will negatively affect the economic well being of the U.S. oilseed processing industry as well as provide a means for non-Bolivian soybean oil to enter the U.S. market free of duty.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without reciprocal tariff or trade concessions. As adopted by its voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1507.90.40	176.52 (99%)	-	-	-	-	22.5%
		22.5%	22.5%	22.5%	22.5%	-

Table I.

Digest Title: Refined soybean oil
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	0	0	3	19	27
Hong Kong.....	17	4	18	25	23
France.....	1,013	0	0	0	18
Japan.....	0	3	1	74	5
Taiwan.....	0	0	0	0	5
Canada.....	1,823	345	144	3	0
Dominican Rep....	0	0	0	0	0
Antigua.....	0	0	0	0	0
Colombia.....	0	1	0	0	0
Brazil.....	2,021	0	3	14,008	0
Paraguay.....	0	0	0	358	0
Argentina.....	1,386	0	1,752	30,262	0
Sweden.....	0	5	0	0	0
Denmark.....	0	0	0	0	0
Netherlands.....	491	0	0	0	0
All other.....	2	17	0	6,429	0
Total.....	6,753	374	1,921	51,177	78
GSP Total 2/..	3,406	1	1,755	44,629	0
GSP+4 2/.....	3,925	5	1,773	44,654	28
Percent					
West Germany.....	.0	.0	.2	1/	35.0
Hong Kong.....	.3	1.0	.9	1/	29.7
France.....	15.0	.0	.0	.0	22.7
Japan.....	.0	.7	.1	.1	6.7
Taiwan.....	.0	.0	.0	.0	5.8
Canada.....	27.0	92.1	7.5	1/	.0
Dominican Rep....	.0	.0	.0	.0	.0
Antigua.....	.0	.0	.0	.0	.0
Colombia.....	.0	.3	.0	.0	.0
Brazil.....	29.9	.0	.2	27.4	.0
Paraguay.....	.0	.0	.0	.7	.0
Argentina.....	20.5	.0	91.2	59.1	.0
Sweden.....	.0	1.3	.0	.0	.0
Denmark.....	.0	.0	.0	.0	.0
Netherlands.....	7.3	.0	.0	.0	.0
All other.....	1/	4.7	.0	12.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	50.4	.3	91.4	87.2	.0
GSP+4 2/.....	50.7	1.2	92.3	87.3	35.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Refined soybean oil
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
India.....	18,196	19,720	19,756	17,568	11,279
Ethiopia.....	23,692	5,648	2,482	9,743	7,495
Sudan.....	13,164	0	0	77	4,558
Morocco.....	2,183	2,391	1,303	2,584	4,135
Somalia.....	13,228	9,178	6,273	3,908	4,092
Canada.....	3,182	1,962	1,931	2,632	2,481
Ghana.....	2,955	483	694	1,039	1,578
Haiti.....	983	8,637	3,228	812	1,280
El Salvador.....	3,418	400	1,035	1,378	1,238
Peru.....	3,718	991	541	2,002	1,228
Guatemala.....	2,334	842	1,081	1,534	996
Bolivia.....	2,360	1,077	938	1,903	902
Burkina.....	4,209	925	362	979	888
Angola.....	401	246	1,188	1,639	826
Sierra Leone.....	523	292	697	1,154	799
All other.....	58,404	19,925	33,325	19,030	10,092
Total.....	152,950	72,718	74,834	67,981	53,868
GSP Total 1/..	119,684	62,609	67,628	54,743	41,812
GSP+4 1/.....	119,685	62,620	67,666	54,775	41,955
Percent					
India.....	11.9	27.1	26.4	25.8	20.9
Ethiopia.....	15.5	7.8	3.3	14.3	13.9
Sudan.....	8.6	.0	.0	.1	8.5
Morocco.....	1.4	3.3	1.7	3.8	7.7
Somalia.....	8.6	12.5	8.4	5.7	7.6
Canada.....	2.1	2.7	2.6	3.9	4.6
Ghana.....	1.9	.7	.9	1.5	2.9
Haiti.....	.6	11.9	4.3	1.2	2.4
El Salvador.....	2.2	.5	1.4	2.0	2.3
Peru.....	2.4	1.4	.7	2.9	2.3
Guatemala.....	1.5	1.2	1.4	2.3	1.8
Bolivia.....	1.5	1.5	1.3	2.8	1.7
Burkina.....	2.8	1.3	.5	1.4	1.6
Angola.....	.3	.3	1.6	2.4	1.5
Sierra Leone.....	.3	.4	.9	1.7	1.5
All other.....	38.2	27.4	44.5	28.0	18.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	78.3	86.1	90.4	80.5	77.6
GSP+4 1/.....	78.3	86.1	90.4	80.6	77.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1516.10.00

HYDROGENATED ANIMAL FATS AND OILS

Hydrogenated Animal Fats and Oils

I. Introduction

Hydrogenated animal fats and oils: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent <u>ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1516.10.00	Hydrogenated animal fats and oils	11¢/kg (11.2% AVE)	Yes	[***]

Description and uses.—These animal fats and oils are partially or fully hydrogenated products which are sold chiefly to be used in the preparation of baking or frying fats or in salad or cooking oil. The products most commonly hydrogenated are oils of fish (such as menhaden oil) or marine mammals, but which have not undergone further preparation for food purposes such as texturation or packaging.

There is believed to be little international or domestic trade in these hydrogenated animal oils since most animal oils or fats are traded in a "crude" form, and are hydrogenated as part of the processing or preparation of the baking fat or salad oil. Thus, the hydrogenation process would occur as an intermediate step in the production of the consumer-level product, partially hydrogenated salad oil, margarine, or baking fats.

In 1989, the U.S. Food and Drug Administration (FDA) authorized the use of hydrogenated menhaden (fish) oil in food, a factor which may tend to expand the U.S. market for these hydrogenated animal oil products. However, no other fish oils have been approved for food use in the United States as of this time, and there is little or no production of menhaden oil outside the United States.

Sales of fats and oils from most marine mammals are strictly controlled or limited in the United States by the Endangered Species Act.

¹The fully prepared hydrogenated animal fats or oils ready for sale are classified under HTS item 1517.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	**31	**31	**31	**31	**-	**31
Employment (1,000 employees).....	*1	**1	*1	*1	**-	**1
Shipments (million dollars).....	*410	*390	*371	*352	*-5	*332
Exports (million dollars).....	(³)	1	1	1	29	3
Imports (million dollars).....	(³)	(³)	(³)	1	11	(³)
Consumption (million dollars).....	*410	*389	*370	*352	*-4	*329
Import to consumption ratio (percent).....	*(⁴)	*(⁴)	*(⁴)	*(⁴)	*-	*(⁴)
Capacity utilization (percent).....	**81	**77	**77	**77	**5	**77

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than \$500,000.

⁴Less than 0.5 percent.

Comment.—U.S. shipments of hydrogenated fats and oils products containing animal fats and oils amounted to an estimated *\$332 million in 1989. U.S. imports are believed to be negligible. Hydrogenated animal fats compete in the market for all vegetable oils and animal fats which include soybean oil. Vegetable oils have increased their share of the market for fats and oils in recent years at the expense of animal fats and oils.

The primary domestic industry that might be affected by imports of hydrogenated animal oils and fats is the menhaden fish oil industry. At the present time, three-quarters of U.S. menhaden oil output is exported to the EC, where most fish oil is hydrogenated and used in food. Fish oil which is not hydrogenated enters the United States free of duty under GSP.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	162	100	0	(¹)
Imports from GSP countries:				
Total.....	0	0	100	0

¹Less than 0.5 percent

²There were no imports from the Andean countries (Bolivia, Colombia, Ecuador and Peru) in 1989.

Comment.—GSP-eligible countries did not export any hydrogenated animal fats to the United States in 1989; total U.S. imports in 1989 amounted to \$162,000, most of which came from West Germany. It was reported that during 1985-88 Brazil annually supplied about \$300,000 of hydrogenated animal fats; however, the product supplied was most likely hydrogenated castor oil rather than hydrogenated animal fats and oils.¹ Thus, the data shown for 1985-88 exaggerate U.S. imports of hydrogenated animal fats and oils by considerable amounts.

¹Until Dec. 31, 1988, hydrogenated vegetable oils (such as castor oil) and hydrogenated animal fats were classified in the same TSUS item.

IV. Competitiveness profiles, GSP suppliers

There were no imports from GSP eligible countries in 1989.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X

What is the price elasticity of U.S. demand?..... High ___ Moderate ___ Low X

Can production in the country be easily expanded or contracted
in the short term?..... Yes ___ No X

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—There are few hydrogenated animal fats and oils traded either domestically or internationally since these products are usually produced as intermediate goods. Hydrogenated fish oil is most likely the product which would be traded. However, the use of hydrogenated fish oils other than menhaden fish oil is barred in food at this time in the United States by FDA. Thus, changes in prices of hydrogenated animal oils are believed to have little effect on the quantity demanded since intrinsic product qualities, and U.S. food laws restrict uses and markets for these products.

Crude or refined fish oil (which is not hydrogenated) currently enters free-of-duty from GSP-eligible countries.¹

V. Position of interested parties

Petitioner.—The petitioner is the Government of Peru which indicated that the Peruvian fishing (and fish-oil) industry is in an economic crisis because of declining fish catch. According to the petitioner, Peru would benefit with GSP designation because of increased production of higher-valued fish oil, increased employment, and the use of already existing excess processing capacity. Other countries exporting fish oil—Canada, Israel, and CBERA-eligible countries—already receive reduced duty access to the U.S. market which Peru does not, says the petitioner.

Opposition.—The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without reciprocal tariff or trade concessions. As adopted by its voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

¹Fish oils are classified under HTS items 1504.10 and 1504.20.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1516.10.00	178.20 (10%)	-	-	-	-	11.2%
		12.4%	13.8%	11.2%	10.4%	-

Table I.

Digest Title: Hydrogerated animal fats and oils
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	1	8	28	17	134
Hong Kong.....	0	0	0	0	15
Japan.....	1	7	0	2	6
Australia.....	0	0	0	0	6
Canada.....	1	8	3	26	1
Chile.....	0	0	0	6	0
Brazil.....	350	288	268	381	0
Sweden.....	0	14	20	68	0
Denmark.....	2	1	0	1/	0
United Kingdom...	28	48	28	11	0
Netherlands.....	67	108	108	89	0
Belgium.....	1/	0	3	6	0
France.....	3	1/	0	0	0
Switzerland.....	0	1/	1/	0	0
Italy.....	3	0	9	10	0
All other.....	3	14	9	11	0
Total.....	458	496	476	627	162
GSP Total 2/..	350	290	271	387	0
GSP+4 2/.....	350	290	271	389	15
Percent					
West Germany.....	.1	1.7	6.0	2.7	82.6
Hong Kong.....	.0	.0	.0	.0	9.2
Japan.....	.2	1.3	.0	.3	3.9
Australia.....	.0	.0	.0	.0	3.6
Canada.....	.2	1.7	.7	4.1	.6
Chile.....	.0	.0	.0	.9	.0
Brazil.....	76.4	58.0	56.2	60.8	.0
Sweden.....	.0	2.8	4.1	10.9	.0
Denmark.....	.4	.2	.0	1/	.0
United Kingdom...	6.0	9.6	5.8	1.8	.0
Netherlands.....	14.7	21.7	22.6	14.1	.0
Belgium.....	1/	.0	.7	.9	.0
France.....	.7	1/	.0	.0	.0
Switzerland.....	.0	1/	1/	.0	.0
Italy.....	.6	.0	2.0	1.6	.0
All other.....	.6	2.9	1.9	1.8	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	76.4	58.5	56.9	61.7	.0
GSP+4 2/.....	76.4	58.5	56.9	62.1	9.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Hydrogerated animal fats and oils
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	9	14	71	396	1,695
Taiwan.....	1/	2	9	4	508
Bahamas.....	1	1/	1/	1	230
Canada.....	41	140	181	85	114
Aruba.....	2	6	2	1/	89
France.....	0	0	1	2	54
Colombia.....	12	11	8	9	53
United Kingdom...	7	6	10	1	51
Korea.....	17	2	9	24	19
Italy.....	3	1/	5	1	18
Japan.....	22	20	44	61	14
Ecuador.....	2	0	3	0	13
Philippines.....	0	4	5	10	10
Netherlands.....	6	16	13	33	4
Hong Kong.....	16	12	29	17	3
All other.....	257	408	309	202	2
Total.....	395	640	699	846	2,876
GSP Total 2/..	235	363	311	500	2,092
GSP+4 2/.....	269	388	377	564	2,621
Percent					
Mexico.....	2.2	2.1	10.1	46.8	58.9
Taiwan.....	1/	.3	1.3	.5	17.7
Bahamas.....	.2	1/	1/	.1	8.0
Canada.....	10.4	21.8	25.9	10.0	3.9
Aruba.....	.6	.9	.2	1/	3.1
France.....	.0	.0	.2	.3	1.9
Colombia.....	2.9	1.7	1.1	1.0	1.8
United Kingdom...	1.8	.9	1.4	.1	1.8
Korea.....	4.3	.3	1.2	2.8	.7
Italy.....	.8	1/	.7	.1	.6
Japan.....	5.4	3.0	6.3	7.3	.5
Ecuador.....	.6	.0	.4	.0	.5
Philippines.....	.0	.7	.6	1.2	.3
Netherlands.....	1.6	2.5	1.9	3.9	.1
Hong Kong.....	4.1	1.8	4.2	2.0	.1
All other.....	65.1	63.6	44.2	23.9	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	59.6	56.6	44.5	59.1	72.7
GSP+4 2/.....	68.1	60.5	54.0	66.7	91.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 1604.13.40

CANNED SARDINES

Canned Sardines¹

I. Introduction

Canned sardines: Harmonized Tariff Schedule (HTS) subheadings for digest products; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1604.13.40	Canned sardines, not in oil, in immediate containers not over 225 g	2.5%	Yes	[***]
1604.13.50	Canned sardines, not in oil, not in tomato sauce, in immediate containers not over 225 g	6.25%	Yes	[***]

Description and uses.—Canned sardines are made from herring, a commercially important foodfish found in nearly all saltwater bodies in the world. The herring are gutted and may or may not be beheaded, before canning; the cans are then cooked in the processing plant, so the fish are ready to eat right out of the can. Sardines are a distant second to tuna as the most popular canned seafood in the U.S. market, accounting for less than 10 percent of total U.S. consumption of canned fish.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	10	9	9	9	-3	8
Employment.....	1,500	1,400	1,300	1,300	-5	1,300
Shipments (1,000 dollars).....	37,784	27,736	22,420	24,082	-14	(³)
Exports (1,000 dollars).....	85	64	138	1,580	165	1,565
Imports (1,000 dollars).....	13,913	14,374	16,472	16,288	5	17,506
Consumption (1,000 dollars).....	51,612	42,046	38,754	38,790	-9	(³)
Import to consumption ratio (percent).....	27	34	43	42	16	(³)
Capacity utilization (percent).....	80	75	75	70	-4	(³)

¹ Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

² This figure represents the average annual rate of change during 1985-1988.

³ Not available.

¹This digest includes the following HTS subheadings: 1604.13.40 and 1604.13.50.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption ¹
Total.....	17,506	100	-	42
Imports from GSP countries:				
Total ²	5,128	29	100	10
Thailand.....	3,454	20	67	6
Peru.....	1,252	7	24	2
Yugoslavia.....	126	1	2	(³)
Morocco.....	109	1	2	1

¹ Percentages shown are the respective suppliers' shares of 1988 U.S. consumption.

² Imports from Bolivia, Ecuador, and Colombia were negligible in 1989.

³ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No —

What is the price elasticity of U.S. demand?..... High x Moderate — Low —

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No —

Does the country have significant export markets besides the
United States?..... Yes x No —

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No —

What is the price elasticity of import supply?..... High x Moderate — Low —

Price level compared with—

 U.S. products..... Above — Equivalent — Below x

 Other foreign products..... Above — Equivalent — Below x

Quality compared with—

 U.S. products..... Above — Equivalent x Below —

 Other foreign products..... Above — Equivalent x Below —

Comment.—Most of the imports of sardines from Thailand are packed for "private label" distributors, such as supermarkets. Their principal competitors are U.S. producers, Norway, and Canada, all of whom have well-known brands that normally sell at a significant premium over the private labels.

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below x

Other foreign products..... Above Equivalent Below x

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Comment.—Most of the imports of sardines from Peru are packed for "private label" distributors, such as supermarkets. Their principal competitors are U.S. producers, Norway, and Canada, all of whom have well-known brands that normally sell at a significant premium over the private labels.

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No x

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High Moderate x Low

Price level compared with—

U.S. products..... Above Equivalent Below x

Other foreign products..... Above Equivalent Below x

Quality compared with—

U.S. products..... Above Equivalent Below x

Other foreign products..... Above Equivalent Below x

Competitiveness indicators for Morocco for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... n/a

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—Most of the imports of sardines from GSP producers are packed for "private label" distributors, such as supermarkets. Their principal competitors are U.S. producers, Norway, and Canada, all of whom have well-known brands that normally sell at a significant premium over the private labels.

V. Position of interested parties

Petitioner.—The Petitioner (the Foreign Trade Institute of Peru) states that providing GSP status to canned sardines would enable the creation of new jobs and slow the out-migration of capital. In addition, the petitioner states that annual production would [

]

[Probable economic effect advice deleted]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
1604.13.40	112.2000 (100%)	-	-	-	-	2.5
		2.8	2.8	2.8	2.8	-
1604.13.50	112.2300 (100%)	-	-	-	-	6.25
		6.25	6.25	6.25	6.25	-

Table I.

Digest No.
16041340Digest Title: Canned sardines
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Norway.....	6,129	5,690	6,806	5,576	5,169
Canada.....	1,165	1,558	2,110	3,721	3,864
Thailand.....	371	1,049	2,055	2,304	3,454
Peru.....	1,958	728	1,030	906	1,252
Japan.....	2,155	2,651	1,758	958	1,251
Portugal.....	654	951	693	1,149	831
Korea.....	66	4	422	401	464
Sweden.....	34	107	10	60	212
Spain.....	160	188	176	303	187
West Germany.....	192	234	106	33	175
Yugoslavia.....	73	165	415	125	126
Morocco.....	50	161	128	209	109
France.....	20	84	32	35	75
Mexico.....	0	0	0	26	67
Chile.....	61	40	174	191	57
All other.....	824	762	558	290	213
Total.....	13,913	14,374	16,472	16,288	17,506
GSP Total 2/..	2,696	2,583	4,110	3,850	5,128
GSP+4 2/.....	2,818	2,687	4,581	4,320	5,632
Percent					
Norway.....	44.0	39.6	41.3	34.2	29.5
Canada.....	8.4	10.8	12.8	22.8	22.1
Thailand.....	2.7	7.3	12.5	14.1	19.7
Peru.....	14.1	5.1	6.3	5.6	7.1
Japan.....	15.5	18.4	10.7	5.9	7.1
Portugal.....	4.7	6.6	4.2	7.1	4.7
Korea.....	.5	1/	2.6	2.5	2.6
Sweden.....	.2	.7	.1	.4	1.2
Spain.....	1.2	1.3	1.1	1.9	1.1
West Germany.....	1.4	1.6	.6	.2	1.0
Yugoslavia.....	.5	1.2	2.5	.8	.7
Morocco.....	.4	1.1	.8	1.3	.6
France.....	.1	.6	.2	.2	.4
Mexico.....	.0	.0	.0	.2	.4
Chile.....	.4	.3	1.1	1.2	.3
All other.....	5.9	5.3	3.4	1.8	1.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	19.4	18.0	25.0	23.6	29.3
GSP+4 2/.....	20.3	18.7	27.8	26.5	32.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Canned sardines
U.S. exports of domestic merchandise, by principal markets, 1985-89

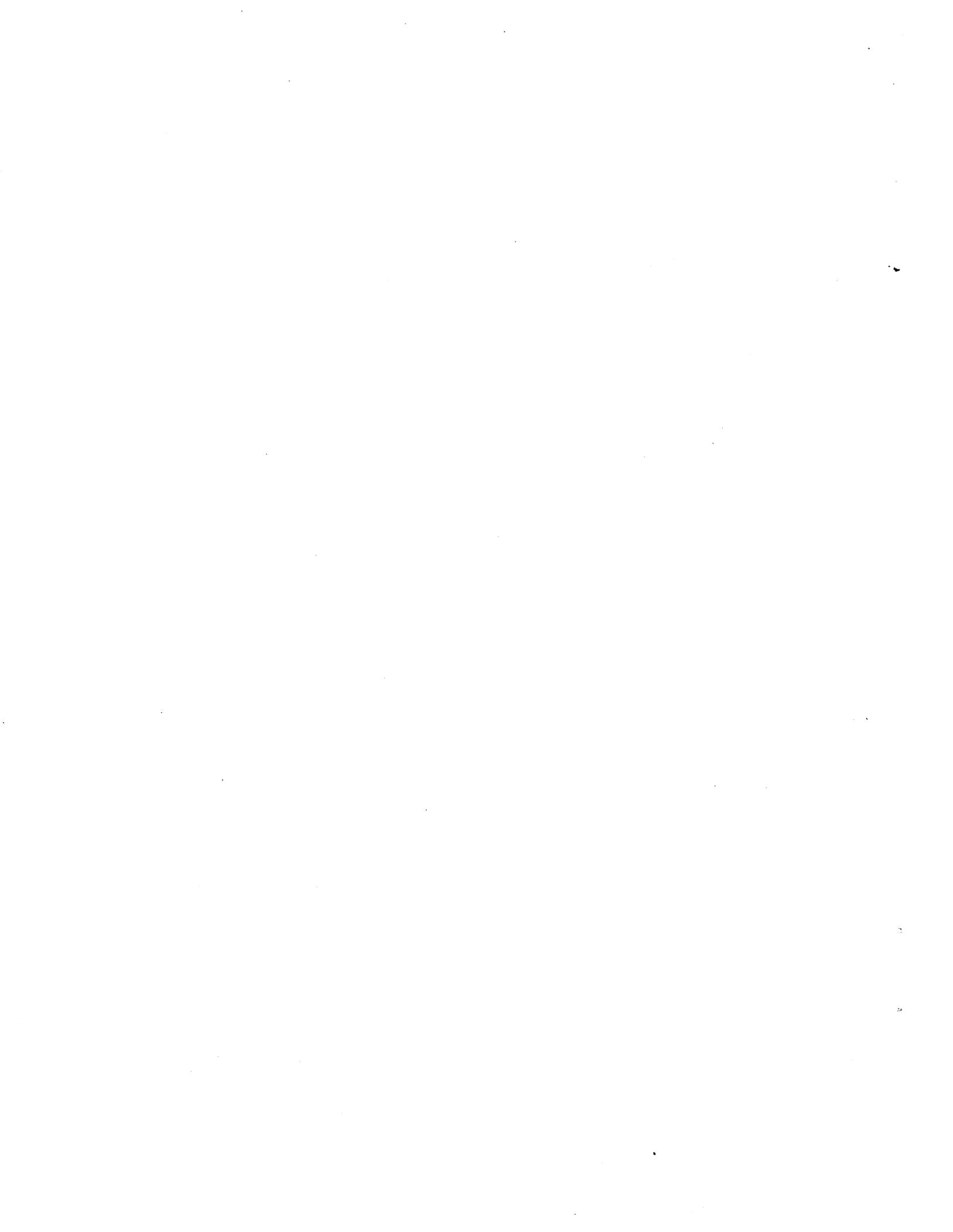
Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	2	2	65	1,379	1,397
Mexico.....	14	13	0	19	46
Haiti.....	2	7	0	28	22
Panama.....	1/	1	4	8	13
Fr Polynesia.....	0	1	1	0	13
Bahamas.....	15	2	4	4	11
St Vinc & Gren...	0	0	0	0	9
Portugal.....	2	0	0	2	8
New Zealand.....	0	0	0	0	6
Netherlands Ant..	0	0	0	2	5
Grenada.....	2	2	13	0	5
Trin & Tobago....	0	1	0	4	5
Costa Rica.....	5	0	1	5	3
Philippines.....	1	0	0	6	3
Guatemala.....	0	0	7	1	2
All other.....	42	35	44	123	16
Total.....	85	64	138	1,580	1,565
GSP Total 2/..	77	61	56	130	149
GSP+4 2/.....	77	62	59	161	152
Percent					
Canada.....	1.8	3.3	47.0	87.3	89.3
Mexico.....	16.2	20.3	.0	1.2	3.0
Haiti.....	2.1	11.5	.0	1.7	1.4
Panama.....	1/	1.0	2.9	.5	.8
Fr Polynesia.....	.0	2.1	.4	.0	.8
Bahamas.....	17.9	3.0	2.6	.2	.7
St Vinc & Gren...	.0	.0	.0	.0	.6
Portugal.....	2.5	.0	.0	.1	.5
New Zealand.....	.0	.0	.0	.0	.4
Netherlands Ant..	.0	.0	.0	.1	.3
Grenada.....	2.3	3.1	9.7	.0	.3
Trin & Tobago....	.0	2.0	.0	.2	.3
Costa Rica.....	6.2	.0	.8	.3	.2
Philippines.....	1.1	.0	.0	.4	.2
Guatemala.....	.0	.0	4.8	.1	.2
All other.....	49.5	53.9	31.9	7.8	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	90.9	95.2	40.7	8.2	9.5
GSP+4 2/.....	91.3	96.7	42.9	10.2	9.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.



DIGEST NO. 2002.10.00

CANNED TOMATOES

Canned Tomatoes¹

I. Introduction

Canned tomatoes: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2002.10.00	Tomatoes, whole or in pieces, prepared or preserved other than by vinegar or acetic acid.	14.7	Yes	[***]
2002.10.0020	In containers under 1.4 kg	14.7	Yes	[***]
2002.10.0050	In airtight containers, over 1.4 kg	14.7	Yes	[***]
2002.10.0090	Not in airtight containers, over 1.4 kg	14.7	Yes	[***]

Description and uses.—Articles covered in this digest include canned tomatoes, whether whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid. Both retail- (less than 1.4 kilograms) and institutional-size (more than 1.4 kilograms) containers are considered. Canned tomatoes are tomatoes peeled, cored, and preserved usually in a light brine solution; occasionally, tomato juice or puree may be added for flavoring or coloring. Canned tomatoes have many of the same uses as fresh tomatoes, such as in a sidedish or incorporated with other ingredients in stews, soups, or casseroles. They are commonly used by restaurants and other institutions.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**100	**100	**100	**100	-	**100
Employment (1,000 employees).....	**14	**14	**14	**14	-	**14
Shipments (1,000 dollars).....	*338,864	*363,450	*429,100	*503,222	*14	**623,307
Exports (1,000 dollars).....	1,199	1,022	850	1,290	3	2,958
Imports (1,000 dollars).....	41,566	36,304	39,163	46,228	4	28,151
Consumption (1,000 dollars).....	*379,231	*398,732	*467,413	*548,160	*13	**648,500
Import to consumption ratio (percent).....	*11	*9	*8	*8	*-10	**4
Capacity utilization (percent).....	50	55	55	**55	**3	**60

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

¹This digest includes the following HTS subheadings: 2002.10.00. Advice is also requested on each of the following HTS subheadings: 2002.10.0010, 2002.10.0050, and 2002.10.90.

Comment.—The U.S. canned tomato industry consists of many small regional producers competing with several large national and multinational processors. Tomato canners are located in many states, including Ohio, Indiana, Michigan, New Jersey, and Pennsylvania, but the bulk of domestic production occurs in California, where about 90 percent of the U.S. tomato crop is harvested. Of the estimated 100 firms that produce canned tomatoes, some of the larger ones may produce other tomato, fruit, and vegetable products.

In the tomato canning industry, access to a steady and abundant supply of tomatoes, proximity to principal markets, and possession of advanced processing technology are major competitive advantages. In the U.S. market, Mexico and Canada have a comparable advantage in market proximity and processing technology; however, during 1985–89, neither country accounted for more than 2 percent of U.S. canned tomato imports. Italy and Spain historically have been the largest overseas suppliers of canned tomatoes in the United States. Their products are often viewed as more prestigious because of the traditional association of Mediterranean cultures with pastas and tomato sauces. Nevertheless, the market for canned tomatoes in the United States is generally price competitive, and other factors such as brand loyalty, quality, and service have little impact on the purchasing decisions of intermediate and end-use consumers.

Canned tomatoes are almost always imported in airtight containers to preserve product freshness. Less than 25 percent of these shipments are received in retail-sized containers, while the bulk of the remaining imports are in airtight, institutional-sized containers. U.S. industry sources estimate that about 15 percent of U.S. production consists of canned tomatoes in retail-sized containers.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	28,151	100	—	**4
Imports from GSP countries:				
Total ¹	13,670	49	100	**2
Israel.....	5,462	19	40	**1
Chile.....	4,067	14	30	**1
Argentina.....	2,750	10	20	** ⁽¹⁾
Turkey.....	539	2	4	** ⁽²⁾

¹ Bolivia, Colombia, Ecuador, and Peru accounted for less than 5 percent of total imports of canned tomatoes.

² Less than 0.5 percent.

Comment.—U.S. imports of canned tomatoes from all sources decreased sharply during the period covered, from \$41.6 million in 1984 to \$28.2 million in 1989. The primary reason for the decline is the 100 percent rate-of-duty surcharge imposed on imports of canned tomatoes from the EC, which began in 1989. Before the surcharge, U.S. imports of canned tomatoes from the EC (primarily from Italy and Spain) ranged from 75 to 85 percent of total U.S. canned tomato imports; in 1989, they amounted to 27 percent. Although showing a 87-percent increase overall during 1984–89, imports from GSP countries had declined until 1988, when imports reached a low of \$4.4 million and then rebounded in 1989 to reach a total of \$13.7 million. Lower world prices for tomato products more than likely caused the decline in U.S. imports from GSP countries before 1989, whereas the sharp increase in 1989 was, in part, due to a sudden improvement in world prices and better opportunities in the developed-country markets.

Imports of canned tomatoes from CBERA countries are currently duty free. In addition, the duty rate on imports from Canada under the United States–Canada Free Trade Agreement was 11.7 percent ad valorem as of January 1, 1990. In 1989, Canada ranked eighth among U.S. import sources of canned tomatoes.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—Imports from Israel were \$5.5 million in 1989 and averaged over \$4.6 million during the entire period. Other significant markets for Israel's tomato products include the EC. The tomato processing industry in Israel is large compared to those in many GSP countries, and it reportedly has the capacity to process as many tomatoes as all U.S. States other than California (approximately 550,000 tons). Israel is a well-established, foreign supplier of tomato products to the United States and has a considerable market niche for its products in New York and other states in the Northeast.

Imports of canned tomato products from Chile increased from \$0 in 1985 to \$4.1 million in 1989. Chile has been developing its food processing industry in the 1980s in an effort to become less dependent on raw agricultural commodity exports. Its climate is one of the most favorable in South America for growing tomatoes, and other fruits and vegetables.

During 1985–88, the United States reportedly received no shipments of canned tomatoes from Argentina; in 1989, however, imports totaled \$2.8 million, making Argentina the 6th largest supplier to the United States. The sudden increase in shipments is the result of an excellent crop year, together with the opportunities created by the U.S. duty surcharge imposed on imports from the EC.

Production of canned tomatoes in Peru, Bolivia, Ecuador, and Colombia are small compared to that of Israel or Argentina. Peru appears to be in the best position among the Andean countries to take immediate advantage of GSP. Imports from Peru during the period ranged from \$414,000 in 1987 to \$137,000 in 1989.

V. Position of interested parties

Petitioner.—On behalf of Agroex Del Peru S.A., the Foreign Trade Institute of Peru has petitioned for canned tomatoes (HTS subheading 2002.10.00) to be added to the list of items eligible for duty-free treatment under GSP. The petitioner reported that current production of canned tomatoes in Peru has [* * *]. Production capacity utilization has averaged around [* * *] percent in recent years, but the petition projects that it will increase [* * *] percent as a result of GSP status for their products. In general, the petitioner projects that [* * *]. The petitioner stated that production would [* * *] as a result of GSP status for canned tomatoes.

At the request of Ecuavegetal, S.A., the Government of Ecuador has requested GSP status for each of three types of container styles of canned tomatoes covered by HTS subheadings 2002.10.0020, 2002.10.0050, and 2002.10.0090. The petitioner states that food processing is the next stage in diversifying the economy and becoming less dependent on production and exports of raw agricultural goods. Moreover, the petitioner stated that the canned food processing industry offers an opportunity to reduce unemployment levels in Ecuador and to increase the value added to exports, which would help in servicing the country's foreign debt. Ecuavegetal predicts that it would export [* * *] of its estimated [* * *] production of peeled and crushed tomatoes to the United States in 1990.

Opposition.—Congressman William M. Thomas of the 20th district of California is opposed to the elimination of the duties on processed tomato products from GSP countries. His written submission stated that the processed tomato industry has been designated as import sensitive in previous trade negotiations and should not be considered for duty-free treatment under GSP. In addition, he indicated that it is doubtful that the Andean countries in this review will benefit as much from GSP status as anticipated; instead, it is likely that many of the non-Andean GSP countries will benefit at the expense of these Andean countries.

The Pennsylvania Department of Agriculture is opposed to adding canned tomatoes to the list of items eligible for duty-free treatment under GSP. They expressed concern over the import-sensitivity of the canned tomato industry and cited instances in which they were exempt from immediate duty elimination in other trade agreements because of their import sensitivity.

The California State World Trade Commission is opposed to duty-free treatment for canned tomatoes under GSP. They refer to previous ITC investigations in which it was determined that the tomato canning industry was sensitive to imports. They ask that the U.S. Government abide by the competitive need limits and take into account the vulnerability of California farmers to major shifts in U.S. trade policy.

The American Farm Federation Bureau is opposed to granting GSP benefits to the agricultural products requested by the Andean countries in this review. The Farm Bureau represents over 3.8 million member families and has opposed GSP since it was adopted in 1974 on the grounds that tariff reductions should not be unilateral. In January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The National Association of Growers and Processors for Fair Trade opposes the elimination of duties on canned tomatoes for GSP countries. Firms testifying on behalf of the organization included: Furman Foods, Inc.; Hess Dairy (a tomato grower); and Hirzel Canning Company. The group stated that processed tomatoes have been excluded from other agreements involving immediate tariff removal because of the industry's vulnerability to imports. In addition, they stated that most GSP-beneficiary countries have demonstrated their ability to compete successfully in the U.S. market without preferential treatment. In their posthearing brief, the association pointed out that most other producing/consuming countries of tomato products either do not have any preferential tariff provisions for developing countries, or their preferential tariff rate is roughly equal to, or greater than, the most-favored-nation tariff rate in the United States.

The Florida Farm Bureau Federation opposes granting GSP status to agriculture products. In their brief, they stated that GSP status for agricultural goods is counter productive to the U.S. negotiating position at the GATT. In the beneficiary countries, resources are often reallocated to the preferentially treated product and thus "may actually hinder economic growth." The Federation stated that GSP status for additional agricultural products is inappropriate, because developing countries often receive their technology and training from U.S. firms and are already very competitive.

V. Position of interested parties—Continued

Red Gold, Inc. of Elwood Indiana is opposed to the removal of the tariff on canned tomatoes for GSP countries. According to their submission, the company contracts with over 50 local tomato growers in central Indiana, accounting for over \$9.5 million in purchases of agricultural produce from area farmers. They point to the fact that U.S. duties on tomato products were not reduced in the Tokyo Round and were withheld from accelerated duty reduction in the U.S.-Israel Free Trade Agreement.

Furman Foods, Inc., of Northumberland, Pennsylvania, opposes the elimination of duties on canned tomatoes from GSP beneficiary countries. They stated that the U.S. most-favored-nation duty rate on canned tomatoes is among the lowest in the world and is not an impediment to imports from developing countries. In addition, they pointed out that there are no Federal price supports for tomatoes and that U.S. producers must adhere to strict pesticide regulations that do not apply to foreign growers.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)						
HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2002.10.00	141.6600 (100%)	-	-	-	-	14.7
		14.7	14.7	14.7	14.7	-

Table I.

Digest Title: Canned tomatoes
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	2,916	2,096	1,626	1,804	6,278
Israel.....	6,990	5,005	3,463	2,150	5,462
Italy.....	19,794	20,886	22,372	29,147	4,367
Chile.....	0	0	24	1,648	4,067
Spain.....	10,770	7,421	10,423	10,440	3,117
Argentina.....	0	0	0	0	2,750
Turkey.....	0	0	0	187	539
Canada.....	279	404	545	97	426
Thailand.....	0	0	0	0	345
Brazil.....	4	0	3	155	151
Hungary.....	0	0	0	1	141
Peru.....	190	173	414	154	137
China.....	112	0	0	0	114
Venezuela.....	0	6	0	0	69
Philippines.....	0	0	0	0	53
All other.....	511	313	294	444	135
Total.....	41,566	36,304	39,163	46,228	28,151
GSP Total 2/..	7,296	5,200	3,940	4,428	13,670
GSP+4 2/.....	10,212	7,296	5,580	6,249	19,948
Percent					
Taiwan.....	7.0	5.8	4.2	3.9	22.3
Israel.....	16.8	13.8	8.8	4.7	19.4
Italy.....	47.6	57.5	57.1	63.1	15.5
Chile.....	.0	.0	.1	3.6	14.4
Spain.....	25.9	20.4	26.6	22.6	11.1
Argentina.....	.0	.0	.0	.0	9.8
Turkey.....	.0	.0	.0	.4	1.9
Canada.....	.7	1.1	1.4	.2	1.5
Thailand.....	.0	.0	.0	.0	1.2
Brazil.....	1/	.0	1/	.3	.5
Hungary.....	.0	.0	.0	1/	.5
Peru.....	.5	.5	1.1	.3	.5
China.....	.3	.0	.0	.0	.4
Venezuela.....	.0	1/	.0	.0	.2
Philippines.....	.0	.0	.0	.0	.2
All other.....	1.2	.9	.8	1.0	.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	17.6	14.3	10.1	9.6	48.6
GSP+4 2/.....	24.6	20.1	14.2	13.5	70.9

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Canned tomatoes
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	703	552	473	891	1,207
Japan.....	34	68	109	164	911
Italy.....	0	0	3	2	155
Mexico.....	0	0	1	1	154
Singapore.....	18	16	32	44	109
Bermuda.....	61	23	46	27	92
Saudi Arabia.....	18	27	16	14	61
Korea.....	23	3	3	6	34
Bahamas.....	2	4	4	7	28
Panama.....	0	1	2	0	24
Hong Kong.....	28	22	8	10	22
Spain.....	20	18	5	0	20
Kuwait.....	4	4	4	2	16
Netherlands Ant..	0	0	0	12	14
Belize.....	0	1	2	3	13
All other.....	287	283	141	106	98
Total.....	1,199	1,022	850	1,290	2,958
GSP Total 2/..	94	104	137	113	393
GSP+4 2/.....	324	294	204	181	558
Percent					
Canada.....	58.6	54.0	55.7	69.1	40.8
Japan.....	2.9	6.6	12.9	12.8	30.8
Italy.....	.0	.0	.3	.1	5.2
Mexico.....	.0	.0	.1	.1	5.2
Singapore.....	1.5	1.6	3.8	3.4	3.7
Bermuda.....	5.1	2.3	5.4	2.1	3.1
Saudi Arabia.....	1.5	2.7	1.8	1.1	2.1
Korea.....	1.9	.3	.3	.4	1.1
Bahamas.....	.2	.4	.5	.6	1.0
Panama.....	.0	1/	.3	.0	.8
Hong Kong.....	2.4	2.2	1.0	.8	.7
Spain.....	1.7	1.8	.6	.0	.7
Kuwait.....	.3	.3	.5	.2	.5
Netherlands Ant..	.0	.0	.0	1.0	.5
Belize.....	.0	.1	.3	.2	.4
All other.....	24.0	27.7	16.6	8.2	3.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.8	10.1	16.1	8.8	13.3
GSP+4 2/.....	27.0	28.8	24.0	14.0	18.9

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2002.90.00

TOMATO PASTE, PUREE, AND SAUCES

Tomato Paste, Puree, Sauces¹

I. Introduction

Tomato paste, puree, and sauces: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2002.90.00	Tomatoes, other than whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid	13.6%	Yes	[***]
2002.90.0010	Tomato paste in containers holding less than 1.4 kg	13.6%	Yes	[***]
2002.90.0030	Tomato puree in containers holding less than 1.4 kg	13.6%	Yes	[***]
2002.90.0040	Tomato puree in containers holding more than 1.4 kg	13.6%	Yes	[***]
2103.20.40	Tomato sauces, other than tomato ketchup	13.6%	Yes	[***]

Description and uses.—The articles covered in this digest include prepared or preserved tomatoes, including tomato paste and puree, and tomato sauces other than ketchup. Tomato paste, which is generally more concentrated than puree, is used as a substitute for fresh or canned tomatoes in the preparation of dishes such as spaghetti, pizza, and pork and beans, as well as for sauces and ketchup. Tomato puree is made from crushed and strained tomatoes; it is usually packed in bulk containers and stored for later processing into finished tomato products such as sauces and ketchup. Tomato sauce is different from paste and puree in that it is a more refined product often containing seasonings and other additives. It can be used as a substitute for fresh or canned tomatoes in preparing certain dishes.

¹This digest includes the following HTS subheadings: 2002.90.00 and 2103.20.40. Advice is also requested on each of the following HTS subheadings: 2002.90.0010, 2002.90.0030, and 2002.90.0040.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	**100	**100	**100	**100	-	**100
Employment (thousand employees).....	**27	**28	**31	**32	**5	**32
Shipments (million dollars).....	*1,851	*1,988	2,137	*2,294	*7	*2,639
Exports (million dollars).....	11	13	14	24	28	38
Imports (million dollars).....	37	40	35	40	3	104
Consumption (million dollars).....	*1,877	*2,016	2,157	*2,310	*7	*2,705
Import to consumption ratio (percent).....	*2	*2	2	*2	-	*4
Capacity utilization (percent).....	*50	*55	*55	*55	*3	*60

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The tomato products covered in this digest are produced by a number of firms, both small and large, with many of the larger firms having a nationwide distribution of several well-known products. Tomato processing takes place in many states, but mainly in California where approximately 90 percent of the U.S. tomato crop is harvested.

In the tomato processing industry, access to a steady supply of fresh tomatoes, proximity to principal markets, and possession of advanced processing technology are major competitive advantages. In the United States, California processors have the competitive advantage in western markets because of their location and the large supply of tomatoes for processing. In eastern markets, however, California processors face considerable competition from eastern regional processors and from overseas imports, particularly from Israel and the EC. Imports of tomato products from Latin America have increased dramatically in recent years and are penetrating U.S. markets in virtually every part of the country.

Tomato sauces (excluding ketchup) account for about two thirds of total U.S. production of the products shown in this digest. Tomato pastes and purees each account for about half of the remaining production. Depending on the size of the shipping container, all three items can be sold either to domestic households at the retail level, or to restaurants, schools, and other institutions for reprocessing into other products. At the retail level, quality and brand loyalty may play a large role in the purchasing decision. At the institutional level, however, price is often the single, most important factor in choosing a supplier.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	104,204	100	-	*4
Imports from GSP countries:				
Total ¹	78,614	75	100	*2
Chile.....	18,746	18	24	*1
Mexico.....	16,840	16	21	*1
Argentina.....	15,336	15	20	*1
Israel.....	8,031	8	10	*(²)

¹ Imports from Bolivia, Colombia, Ecuador, and Peru were negligible during 1985-89.

² Less than 0.5 percent.

Comment.—U.S. imports of the processed tomato products in this digest rose dramatically during 1985-89, from \$36.8 million to \$104.2 million, or by 184 percent. The increase, which was rather sudden as imports surged from \$40.0 million in 1988, was apparently the result of a production expansion in several Latin American countries that had the capacity to take immediate advantage of the improved world market situation for processed tomato products. In terms of quantity, imports increased 72 percent, from 67,107 metric tons in 1985 to 115,595 metric tons in 1989. The more substantial increase in the value of imports was, in part, due to better pricing conditions in the U.S. market after the imposition of a 100-percent rate-of-duty surcharge on processed tomato products from the EC. This surcharge, in effect, caused the unit value of imports in the United States to rise from 66 cents per kilogram to 93 cents per kilogram. In addition, the EC did not have a good tomato crop in 1989 and world supplies were therefore more limited. In short, stronger world prices in 1989 created incentives for secondary suppliers to utilize existing production capacity and expand exports to the United States and other developed-country markets.

Imports from CBERA countries of the products in this digest are currently duty free. In addition, the duty rate on imports from Canada as a result of the United States-Canada Free Trade Agreement was 10.8 percent ad valorem as of January 1, 1990.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No ___

Does the country have significant export markets besides the
United States?..... Yes x No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No ___

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes x No ___

Does the country have significant export markets besides the
United States?..... Yes x No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No ___

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___

What is the price elasticity of U.S. demand?..... High x Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No ___

Does the country have significant export markets besides the
United States?..... Yes x No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No ___

What is the price elasticity of import supply?..... High x Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent x Below ___

Other foreign products..... Above ___ Equivalent x Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—Imports of tomato paste, puree, and sauces increased dramatically during 1984–89 from all of the above profiled sources. In the case of Chile, U.S. imports rose gradually from \$847,000 in 1985 to \$1.8 million in 1988, and then surged to their 1989 total of \$18.7 million. Imports from Argentina displayed a similar dramatic trend, rising from \$652,000 in 1988 to \$15.3 million in 1989. Imports from Mexico increased fourfold during the period, although the change was more gradual. GSP countries represented 7 of the top 10 suppliers of these tomato products in 1989, and in all cases, the increase in exports to the United States was substantial.

The sharp increase in imports from GSP countries in 1989 were partly attributable to the surcharge on EC products; however, EC suppliers were already losing U.S. import market share to GSP countries before the surcharge took effect, as shown by the gradual increase in GSP-country import share from 44 percent in 1985 to 65 percent in 1988.¹ GSP countries, in effect, were able to expand their presence in the U.S. market before having the benefit of the EC surcharge or higher world prices. Once the situation in the U.S. market improved, however, several GSP countries were in a position to take immediate advantage of the opportunities available.

¹In the case of canned tomatoes, imports were not declining before the surcharge took effect in 1989. See digest HTS item No. 2002.10.00, "Canned Tomatoes."

V. Position of interested parties

Petitioner.—At the request of Ecuavegetal, S.A., the Government of Ecuador has requested that certain tomato paste, puree, and sauce items, designated by HTS subheadings 2002.90.0010, 2002.90.0030, 2002.90.0040, and 2103.20.40, be added to the list of items eligible for duty-free treatment under GSP. The petitioner states that food processing is a small but important industry in Ecuador in that it exemplifies the country's efforts to diversify its economy and become less dependent on cash-crop exports. In addition, they stated that food processing offers an opportunity to increase employment and to increase the value added to exports, which would help in servicing the country's foreign debt. Ecuavegetal is the only known producer of processed tomato products in Ecuador, according to the petition. In 1989, they state that the company had the capacity to process [* * *] of tomato paste, which is the primary product used to produce puree and sauce. They stated that the company plans [* * *].

On behalf of Agroex Del Peru S.A., the Foreign Trade Institute of Peru has petitioned for all tomato concentrates (including paste, puree, pulp, etc.) covered by HTS subheading 2002.90.00 to be given duty-free treatment under GSP. The petitioner states that production of the digest products has ranged from [* * *]. They reported that production would [* * *] if the products became eligible for GSP treatment in the United States. Employment, they said, would also increase by about [***] percent. The petition states that exports to the United States would still be much smaller than those of other GSP countries.

Opposition.—Congressman William M. Thomas of the 20th district of California is opposed to the elimination of the duties on processed tomato products from GSP countries. His written submission stated that the processed tomato industry has been designated as import sensitive in previous trade negotiations and should not be considered for duty-free treatment under GSP. In addition, he indicated that it is doubtful that the Andean countries in this review will benefit as much from GSP status as anticipated; instead, it is likely that many of the non-Andean GSP countries will benefit at the expense of these Andean countries.

The Pennsylvania Department of Agriculture is opposed to adding processed tomato products to the list of items eligible for duty-free treatment under GSP. They expressed concern over the import-sensitivity of the processed tomato industry and cited instances in which they were exempt from immediate duty elimination in other trade agreements because of their import-sensitivity.

The California State World Trade Commission is opposed to duty-free treatment for processed tomato products under GSP. They refer to previous ITC investigations in which it was determined that the tomato processing industry was sensitive to imports. They ask that the U.S. Government abide by the competitive need limits and take into account the vulnerability of California farmers to major shifts in U.S. trade policy.

The American Farm Federation Bureau is opposed to granting GSP benefits to the agricultural products requested by the Andean countries in this review. The Farm Bureau represents over 3.8 million member families and has opposed GSP since it was adopted in 1974 on the grounds that tariff reductions should not be unilateral. In January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The National Association of Growers and Processors for Fair Trade opposes the elimination of duties on canned tomatoes for GSP countries. Firms testifying on behalf of the organization included: Furman Foods, Inc.; Hess Dairy (a tomato grower); and Hirzel Canning Company. The group stated that processed tomatoes have been excluded from other agreements involving immediate tariff removal because of the industry's vulnerability to imports. In addition, they stated that most GSP-beneficiary countries have demonstrated their ability to compete successfully in the U.S. market without preferential treatment. In their posthearing brief, the association pointed out that most other producing/consuming countries of tomato products either do not have any preferential tariff provisions for developing countries, or their preferential tariff rate is roughly equal to, or greater than, the most-favored-nation tariff rate in the United States.

The Florida Farm Bureau Federation opposes granting GSP status to agriculture products. In their brief, they stated that GSP status for agricultural goods is counter productive to the U.S. negotiating position at the GATT. In the beneficiary countries, resources are often reallocated to the preferentially treated product and thus "may actually hinder economic growth." The Federation stated that GSP status for additional agricultural products is inappropriate, because developing countries often receive their technology and training from U.S. firms and are already very competitive.

V. Position of interested parties—Continued

Red Gold, Inc. of Elwood Indiana is opposed to the removal of the tariff on processed tomato products for GSP countries. According to their submission, the company contracts with over 50 local tomato growers in central Indiana and accounts for over \$9.5 million in purchases of agricultural produce from area farmers. They pointed out that U.S. duties on tomato products were not reduced in the Tokyo Round and were withheld from accelerated duty reduction in the U.S.-Israel Free Trade Agreement.

Furman Foods, Inc., of Northumberland, Pennsylvania, opposes the elimination of duties on canned tomatoes from GSP beneficiary countries. They stated that the U.S. most-favored-nation duty rate on canned tomatoes is among the lowest in the world and is not an impediment to imports from developing countries. In addition, they pointed out that there are no Federal price supports for tomatoes and that U.S. producers must adhere to strict pesticide regulations that do not apply to foreign growers.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2002.90.00		-	-	-	-	13.6
	141.6520 (100%)	13.6	13.6	13.6	13.6	-
	141.6540 (100%)	13.6	13.6	13.6	13.6	-
2103.20.40		-	-	-	-	13.6
	182.4620 (10%)	7.5	7.5	7.5	7.5	-

Table I.

Digest Title: Tomato paste, puree, and sauces
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Chile.....	847	639	1,366	1,774	18,746
Mexico.....	3,980	8,123	9,608	12,282	16,840
Argentina.....	131	0	4	652	15,336
Israel.....	7,710	8,162	3,217	1,594	8,031
Brazil.....	1,109	465	776	7,936	7,813
Portugal.....	7,772	8,531	4,601	4,401	7,034
Taiwan.....	857	620	815	343	5,663
Turkey.....	896	1,903	1,807	1,295	3,448
Spain.....	4,730	3,183	2,687	840	3,265
Venezuela.....	0	0	11	3	3,237
Hungary.....	11	126	408	1,859	2,578
Thailand.....	0	0	103	223	2,567
Italy.....	7,448	6,357	4,980	2,902	2,192
Canada.....	33	557	272	428	1,972
Dominican Rep....	294	422	119	4	1,795
All other.....	927	770	3,677	3,499	3,687
Total.....	36,745	39,856	34,450	40,036	104,204
GSP Total 2/..	15,251	19,798	17,585	26,066	78,614
GSP+4 2/.....	16,202	20,419	19,425	27,692	84,318
Percent					
Chile.....	2.3	1.6	4.0	4.4	18.0
Mexico.....	10.8	20.4	27.9	30.7	16.2
Argentina.....	.4	.0	1/	1.6	14.7
Israel.....	21.0	20.5	9.3	4.0	7.7
Brazil.....	3.0	1.2	2.3	19.8	7.5
Portugal.....	21.2	21.4	13.4	11.0	6.8
Taiwan.....	2.3	1.6	2.4	.9	5.4
Turkey.....	2.4	4.8	5.2	3.2	3.3
Spain.....	12.9	8.0	7.8	2.1	3.1
Venezuela.....	.0	.0	1/	1/	3.1
Hungary.....	1/	.3	1.2	4.6	2.5
Thailand.....	.0	.0	.3	.6	2.5
Italy.....	20.3	15.9	14.5	7.2	2.1
Canada.....	.1	1.4	.8	1.1	1.9
Dominican Rep....	.8	1.1	.3	1/	1.7
All other.....	2.5	1.9	10.7	8.7	3.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	41.5	49.7	51.0	65.1	75.4
GSP+4 2/.....	44.1	51.2	56.4	69.2	80.9

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Tomato paste, puree, and sauces
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	6,364	6,733	7,024	9,655	10,498
Japan.....	957	1,079	1,866	4,670	6,416
United Kingdom...	162	131	62	3,669	5,079
Belgium.....	13	13	25	32	3,056
Mexico.....	100	190	175	281	2,502
Korea.....	320	284	431	743	2,247
Philippines.....	21	79	17	71	1,072
Netherlands.....	33	14	73	87	1,026
Saudi Arabia.....	460	546	319	297	928
West Germany.....	2	0	11	0	631
Netherlands Ant..	0	0	0	282	596
Australia.....	154	79	123	109	499
Hong Kong.....	779	929	974	952	390
Singapore.....	133	268	302	473	308
France.....	0	44	60	10	230
All other.....	1,934	2,137	3,014	2,695	2,933
Total.....	11,430	12,525	14,477	24,026	38,411
GSP Total 2/..	1,488	1,863	2,838	3,010	6,278
GSP+4 2/.....	2,964	3,622	4,613	5,267	9,321
Percent					
Canada.....	55.7	53.8	48.5	40.2	27.3
Japan.....	8.4	8.6	12.9	19.4	16.7
United Kingdom...	1.4	1.0	.4	15.3	13.2
Belgium.....	.1	.1	.2	.1	8.0
Mexico.....	.9	1.5	1.2	1.2	6.5
Korea.....	2.8	2.3	3.0	3.1	5.8
Philippines.....	.2	.6	.1	.3	2.8
Netherlands.....	.3	.1	.5	.4	2.7
Saudi Arabia.....	4.0	4.4	2.2	1.2	2.4
West Germany.....	1/	.0	.1	.0	1.6
Netherlands Ant..	.0	.0	.0	1.2	1.6
Australia.....	1.3	.6	.8	.5	1.3
Hong Kong.....	6.8	7.4	6.7	4.0	1.0
Singapore.....	1.2	2.1	2.1	2.0	.8
France.....	.0	.4	.4	1/	.6
All other.....	16.9	17.1	20.8	11.2	7.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	13.0	14.9	19.6	12.5	16.3
GSP+4 2/.....	25.9	28.9	31.9	21.9	24.3

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2004.90.9040
CERTAIN FROZEN SWEET CORN

Certain Frozen Sweet Corn

I. Introduction

Certain frozen sweet corn: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2004.90.9040	Sweet corn, prepared or preserved otherwise than by vinegar or acetic acid, frozen.	17.5%	Yes	[* * *]

Description and uses.—Sweet corn is the principal frozen vegetable, other than potatoes, in the U.S. production and consumption of frozen vegetables. Sweet corn are the kernels from not fully matured ears of certain varieties of the maize plant, usually harvested when the sugar content is relatively high and before the kernels are hardened.¹ Most frozen sweet corn is produced from yellow varieties, which may be frozen on the cob or cut from the cob before freezing. When cut from the cob it is often called whole kernel corn. Sweet corn, like nearly all vegetables, is blanched before freezing, that is, the raw fresh product is treated for a brief period to hot steam or boiling water for purposes of stabilization of the enzymes. If frozen sweet corn is prepared or preserved in any manner other than regular blanching (that is, if it is more than "uncooked or cooked by steaming or boiling in water"), the product is dutiable under HTS subheading 2004.90.9040, the subject of this digest. Such preparations of sweet corn, although in the minority of sweet corn products, include frozen sweet corn with butter sauce, cream-style frozen sweet corn, and other frozen sweet corn products having added ingredients, or otherwise prepared before freezing.

¹Sweet corn is defined as Zea mays var. saccharata in the headnotes to ch. 7 of the HTSUS.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	*22	*22	*22	*22	-	*22
Employment (1,000 employees).....	(³)	(³)	(³)	(³)	-	(³)
Shipments (1,000 dollars) ⁴	**34,090	**32,880	**40,320	**38,080	**4	**43,020
Exports (1,000 dollars) ⁵	*5,530	*7,131	*7,191	*9,514	*20	9,343
Imports (1,000 dollars).....	79	182	251	285	56	948
Consumption (1,000 dollars).....	**28,629	**25,931	**33,380	**28,851	**(⁶)	**34,625
Import to consumption ratio (percent).....	(⁶)	**1	**1	**1	**55	**3
Capacity utilization (percent).....	**50	**50	**50	**50	-	**50

¹Trade data for 1985-1988 were converted from the TSUSA import statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Estimated as 15 percent of the combined U.S. production of frozen sweet corn on-the-cob and frozen cut sweet corn; the actual production of digest products likely ranges from less than 10 percent to nearly 25 percent of the combined U.S. production of frozen sweet corn.

⁵Data for 1985-88 estimated as 25 percent of the U.S. exports of all frozen sweet corn.

⁶Less than 0.5 percent.

Comment.—Frozen sweet corn is produced by many firms, large and small, throughout the United States; all of them are capable of producing the styles of frozen sweet corn covered by this digest. Nearly two-thirds of the U.S. production of frozen sweet corn is produced in Western-region States, about one-fourth in Mid-western States, and the balance in States in the East and South. Because digest products are further prepared than basic freezing, consumption is often by service-conscious or gourmet-conscious consumers.

During 1985-89, the combined production of digest and non-digest frozen sweet corn, both on-the-cob and whole cut kernel frozen sweet corn, averaged 798 million pounds annually, ranging from 756 million to 843 million pounds over the period. U.S. exports of all frozen sweet corn averaged 99 million pounds annually over the 1985-89 period. In 1989, exports of all frozen sweet corn amounted to 121 million pounds, valued at \$41.7 million, of which 22 percent by value were digest products.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	948	100	-	**3
Imports from GSP countries:				
Total ¹	636	67	100	**2
Israel ²	628	66	99	**2
Thailand.....	8	1	1	** ⁽³⁾

¹There were no imports reported from the Andean Group suppliers Bolivia, Ecuador, Peru, and Colombia in 1989.

²Although imports of frozen sweet corn from Israel would be eligible for duty-free entry under the GSP, imports of this item during 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

³Less than 0.5 percent.

Comment.—Prior to 1989, frozen sweet corn prepared or preserved in the ways covered by this digest were not separately reported in the Tariff Schedules of the United States, and only general estimates are available for imports for the years 1985-88. Imports of frozen sweet corn not covered by this digest are dutiable under HTS subheading 0710.40.00, at a rate of duty of 17.5 percent ad valorem; such imports are not eligible for GSP benefits. U.S. imports of frozen sweet corn under HTS 0710.40.00 from GSP suppliers, and from all suppliers, were as follows in 1989:

Source	Imports (\$1,000)
GSP suppliers:	
Israel.....	1,937
Yugoslavia.....	316
Thailand.....	162
Guatemala.....	36
Dominican Republic.....	31
Other.....	11
Subtotal.....	2,493
All other.....	7,726
Total.....	10,219

Canada is the principal supplier of frozen sweet corn under HTS 0710.40.00 and second ranked of the reported 1989 imports under digest item HTS 2004.90.9040. As the rates of duty under the two import classes for frozen sweet corn are the same, there may be cross-overs in statistical reporting between the two classes.

It is likely that the frozen sweet corn products under review in this digest are not the same corn products as the canned baby corn envisioned by the petitioner to be exported.¹

¹ In response to a question at the public hearing on April 17, 1990, the petitioner's counsel stated that the petitioner does not produce frozen sweet corn and that of the baby corn petitioned "baby corn is a highly specialized kind of unique product" and "it's not the same product as corn."

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?¹..... Yes ___ No ___

Could exports from the country be readily redistributed among
its foreign export markets?¹..... Yes ___ No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above X Equivalent ___ Below ___

Other foreign products..... Above X Equivalent ___ Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Not available.

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted in
the short term?¹..... Yes ___ No ___

Does the country have significant export markets besides the
United States?¹..... Yes ___ No ___

Could exports from the country be readily redistributed among
its foreign export markets?¹..... Yes ___ No ___

What is the price elasticity of import supply?..... High ___ Moderate ___ Low X

Price level compared with—

U.S. products..... Above X Equivalent ___ Below ___

Other foreign products..... Above X Equivalent ___ Below ___

Quality compared with²—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Not available. It is most likely that the product from this source is an ethnic specialty product with a limited U.S. market. The average unit price of 1989 imports was near the highest of all suppliers.

²Not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above X Equivalent ___ Below ___

Other foreign products..... Above X Equivalent ___ Below ___

Quality compared with²—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Although not reported as a supplier of digest products in 1989, this country ranked 4th as a supplier of frozen sweet corn under HTS 0710.40.00, and thus is a potential supplier of digest products.

²Not available.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... NA

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above X Equivalent ___ Below ___

Other foreign products..... Above X Equivalent ___ Below ___

Quality compared with¹—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Not available.

V. Position of interested parties

Petitioner.—The Government of Ecuador is the petitioner to add, as described in the petition, "baby corn, the commercial name for miniature corns, packed in salt water in cans and jars and used primarily as a cocktail item" to the list of GSP eligible articles. The petition cites HTS subheading 2004.90.9040, a provision for frozen sweet corn, prepared or preserved otherwise than by vinegar or acetic acid. The petition states that baby corn¹ is a new product for Ecuador with production to begin in 1990, and it is believed, the petition states, that the product is not being produced in the United States. Therefore, the petition asserts, a U.S. domestic industry would not be adversely affected by granting this GSP request. The petitioner for the Government of Ecuador, Ecuavegetal, S.A., appeared at the public hearing in support of GSP-status for baby corn.

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

Smith Frozen Foods, Inc. of Weston, Oregon (Smith), a privately held corporation processing frozen vegetables, opposes GSP treatment for frozen vegetables. The firm employs 900 seasonal employees and is concerned that duty-free treatment will negatively effect Smith's business and the industry in Umatilla County of Eastern Oregon, and states further that such GSP treatment has the potential to put Smith and many other U.S. processors out of business. They stated that Smith annually produces between 12 percent and 15 percent of the United States' total production of frozen green peas, sweet corn, carrots and baby lima beans. Central and South American countries have distinct advantages in labor rates over U.S. firms, Smith stated, and freight rates do not off-set these advantages in labor as ocean freight to East Coast and Gulf ports would be equal to or less than Smith's overland rates, they asserted.

¹Baby corn packed in cans or jars and canned (e.g., preserved by heat sterilization) is being classified by the U.S. Customs Service as an "other vegetable" under HTS subheading 2005.90.90, and not as sweet corn, frozen. The current rate of duty for such "other vegetables" is 17.5 percent ad valorem and imports are GSP eligible, except if from Mexico. If canned baby corn qualified as sweet corn under definitions of the headnote to ch. 7 of the HTSUS, it would be dutiable under HTS subheading 2005.80.00, a provision for sweet corn prepared or preserved otherwise than by vinegar or acetic acid, not frozen; this item is also GSP eligible. Classification information is from a telephone conversation with the National Import Specialist of the U.S. Customs Service for the relevant food products on Mar. 28, 1990.

[Probable economic effects advice deleted.]

[Probable economic effects advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2004.90.9040	141.8900(10%) ¹	-	-	-	-	17.5
		17.5	17.5	17.5	17.5	-

¹There are no programmed percentage allocations from the TSUSA to HTS 10-digit subheadings. For the purposes of this digest, however, 10 percent of TSUSA item 141.8900 is allocated to digest products for 1985-88 imports.

Table 1.
Certain frozen sweet corn
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Israel.....	0	1	0	0	628
Canada.....	20	100	183	218	272
Hungary.....	0	0	0	1	11
West Germany.....	(¹)	(¹)	(¹)	(¹)	11
Taiwan.....	(¹)	(¹)	(¹)	(¹)	9
Thailand.....	(¹)	1	2	2	8
Guatemala.....	32	37	45	38	0
Mexico.....	14	29	11	9	0
All other.....	12	11	10	15	9
Total.....	79	182	251	285	948
GSP total ²	55	80	66	60	636
GSP+4 ²	55	80	66	60	645
Percent					
Israel.....	0.0	0.7	0.0	0.0	66.2
Canada.....	25.4	55.2	72.8	76.7	28.7
Hungary.....	0	0	0	3	1.2
West Germany.....	(¹)	(¹)	(¹)	(¹)	1.2
Taiwan.....	(¹)	(¹)	(¹)	(¹)	.9
Thailand.....	(¹)	.6	.8	.6	.8
Guatemala.....	40.5	20.5	18.0	13.4	.0
Mexico.....	18.0	16.2	4.5	3.3	.0
All other.....	15.1	6.4	3.7	5.3	.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP total ²	70.1	43.8	26.3	21.1	67.1
GSP+4 ²	70.2	43.9	26.5	21.2	68.0

¹Less than \$500 or less than 0.1 percent.

²These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

Note.—Because of rounding, figures may not add to the totals shown.

Source: Data for 1985-88 are estimated by assigned allocations from official statistics of the U.S. Department of Commerce; data for 1989 are compiled from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2005.20.00

CERTAIN POTATO PRODUCTS

Certain Potato Products

I. Introduction

Certain potato products: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2005.20.00	Potatoes, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	10%	Yes	[***]

Description and uses.—The articles included in this digest include potato chips, potato granules, and other nonfrozen potato products, such as canned potatoes, prepared or preserved otherwise than by vinegar or acetic acid. Potato chips are prepared from washed, peeled, raw potatoes which are sliced or chipped, deep fried for about 2 minutes, and then salted or seasoned. Potato granules, which have the appearance of creamy-white sand, are prepared by dehydrating cooked, mashed potatoes in special equipment known as air-lift driers. They differ from potato flakes primarily in appearance and in the method of dehydration (potato flakes are dehydrated on a drum drier). Both potato flakes and granules can be reconstituted by adding of water or milk; however, potato granules are more suitable for machine— rather than hand-mixing and are more often preferred by restaurants, schools, and other institutions.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Establishments (number).....	215	*200	*200	*190	*-4	*175
Employment (thousand employees).....	**12	**12	**12	**12	0	**12
Production (million dollars).....	*2,267	*2,526	*2,812	*3,132	*11	*3,489
Exports (million dollars).....	10	11	13	14	11	21
Imports (million dollars).....	2	1	1	(³)	-35	(³)
Consumption (million dollars).....	*2,258	*2,516	*2,800	*3,109	*11	*3,469
Import to consumption ratio (percent).....	*(⁴)	*(⁴)	*(⁴)	*(⁴)	*-19	*(⁴)
Capacity utilization (percent).....	*75	*80	*80	*85	*4	*85

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Less than \$500,000.

⁴Less than 0.5 percent.

Comment.—The potato products covered in this digest are produced at a number of establishments nationwide. The potato processing industry has become more concentrated in recent years, as fewer, but larger, more efficient plants have accounted for higher levels of production. The majority of the establishments produce potato chips and some of the larger ones produce other chips and snack food items. Potato chips comprise approximately 90 percent of the value of the items shown in this digest. There are probably less than 10 firms in the United States that produce potato granules and less than 25 firms that produce canned potatoes. In terms of industry concentration, most of the potato chip plants and the canners are located in the mid-atlantic region, while the dehydrators are found primarily in Idaho, Washington, and Oregon.

The United States is one of the largest, most competitive producers of potato chips and other processed potato products in the world. The domestic industry is dominant in the U.S. market, with imports supplying only a fraction of a percent of U.S. consumption. In the U.S. market, the domestic industry has the advantage in terms of fresh-potato supply, market proximity, lower transportation costs, and production technology. At the marketing level, brand loyalty, quality, product freshness, and certain product attributes such as flavoring and texture may influence consumer-purchasing decisions. In the long-run, however, and particularly in the case of potato granules and canned potatoes at the wholesale level, most decisions are made on the basis of price.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	484	100	-	*(¹)
Imports from GSP countries:				
Total ²	14	3	100	*(¹)
Colombia.....	13	3	93	*(¹)
Peru.....	2	(¹)	14	*(¹)

¹Less than 0.5 percent.

²Imports from Bolivia and Ecuador were negligible in 1989.

Comment.—U.S. imports of the potato products in this digest fell substantially during 1985-89, from \$1.8 million in 1985 to \$484,000 in 1989, or by 74 percent. The apparent cause of the decline was the increase in domestic production towards the end of the period, which partially offset demand for imports. Imports from GSP countries also fell from \$20,000 in 1985 to \$14,000 in 1989. As the table above indicates, GSP countries supply a negligible portion of U.S. consumption of the potato products shown in this digest. During 1985-89, Colombia and Peru were the only significant GSP suppliers of these potato products.

Imports of these products from Israel and CBERA countries are currently duty free. In addition, the duty rate for Canada under the United States-Canada Free Trade Agreement was 8 percent ad valorem as of January 1, 1990. Canada ranks first among U.S. suppliers of the potato products in this digest.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The Government of Colombia has requested the addition of HTS subheading 2005.20.00 to the list of items eligible for duty-free treatment under GSP. According to the petition, granting GSP benefits for the products in this digest will permit Colombian, Peruvian, and other Andean-country producers to overcome the competitive disadvantages associated with a less-developed, food-processing sector. The petitioner states that the success of the processed potato industry in Colombia will help to improve the income of the farmers who grow potatoes for processing. According to their statement, potato chips and "shoestring" potatoes will be the principal items exported to the United States.

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. According to their statement, GSP status for products sensitive to imports could injure U.S. growers of these products. Farm specialty products mentioned in the Commission's brief include tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, other vegetables, fruit, nuts, roses, other flowers, and foliage. Their brief suggests that GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit will accrue to the Andean nations.

The National Potato Council, a trade association representing approximately 13,000 potato growers in the United States, is opposed to the elimination of the duty on potato products for GSP countries. The association bases its opposition on the fact that Colombia's petition did not contain adequate information on production, sales, and exports of potato products by the Colombian industry. This information, they stated, is necessary for a proper evaluation of the economic effects of granting GSP status. They further argued that GSP beneficiary countries are already competitive in the U.S. market and that the domestic industry has proven its import sensitivity in previous trade negotiations.

The American Farm Federation Bureau is opposed to the elimination of duties on agricultural products under the GSP program. The Farm Bureau represents over 3.8 million member families and has opposed GSP since it was adopted in 1974 on the grounds that tariff concessions should not be unilateral. In January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Potato Growers of Washington are opposed to granting GSP status to the potato products in this digest. They stated that potato growers are currently experiencing difficulty in covering the costs of potato production, and that increased import competition would worsen the situation.

The Florida Farm Bureau Federation opposes granting GSP status to agriculture products. In their brief, they stated that GSP status for agricultural goods is counter productive to the U.S. negotiating position at the GATT. In the beneficiary countries, resources are often reallocated to the preferentially treated product and thus "may actually hinder economic growth." The Federation stated that GSP status for additional agricultural products is inappropriate, because developing countries often receive their technology and training from U.S. firms and are therefore very competitive.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2005.20.00	141.8620 (100%)	-	-	-	-	10

Table I.

Digest Title: Certain potato products
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	295	650	544	250	102
Switzerland.....	0	0	0	0	88
Belgium.....	63	146	97	93	79
West Germany.....	6	11	35	40	62
Ireland.....	0	0	0	2	54
Netherlands.....	30	94	52	42	42
Japan.....	7	1	5	13	27
Colombia.....	6	3	4	32	13
China.....	0	0	17	1	8
Italy.....	0	0	0	0	3
United Kingdom...	1,418	154	312	0	2
Peru.....	0	21	23	2	2
Korea.....	0	0	1	0	1
Taiwan.....	0	0	1	1	1
Costa Rica.....	0	0	0	0	0
All other.....	21	28	34	21	0
Total.....	1,846	1,108	1,124	497	484
GSP Total 1/..	20	51	32	38	14
GSP+4 1/.....	20	51	59	39	17
Percent					
Canada.....	16.0	58.7	48.4	50.4	21.0
Switzerland.....	.0	.0	.0	.0	18.1
Belgium.....	3.4	13.1	8.6	18.8	16.3
West Germany.....	.3	1.0	3.1	8.0	12.9
Ireland.....	.0	.0	.0	.4	11.2
Netherlands.....	1.6	8.5	4.6	8.4	8.7
Japan.....	.4	.1	.5	2.6	5.6
Colombia.....	.3	.3	.4	6.4	2.6
China.....	.0	.0	1.5	.2	1.6
Italy.....	.0	.0	.0	.0	.6
United Kingdom...	76.8	13.9	27.7	.0	.4
Peru.....	.0	1.9	2.0	.3	.4
Korea.....	.0	.0	.1	.0	.3
Taiwan.....	.0	.0	.1	.2	.3
Costa Rica.....	.0	.0	.0	.0	.0
All other.....	1.1	2.5	3.0	4.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	1.1	4.6	2.8	7.7	3.0
GSP+4 1/.....	1.1	4.6	5.3	7.9	3.6

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**6	**5	**4	**5	**-5	**4
Employment (1,000 employees).....	** ⁽³⁾ -10	** ⁽³⁾				
Shipments (1,000 dollars).....	**7,200	**6,500	**6,200	**5,100	** ⁽³⁾ -11	**5,000
Exports (1,000 dollars).....	132	95	134	136	1	299
Imports (1,000 dollars).....	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	107
Consumption (1,000 dollars).....	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	**4,808
Import to consumption ratio (percent).....	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	**2
Capacity utilization (percent).....	**50	**50	**50	**50	0	**50

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Estimated employment is fewer than 1,000 employees.

⁴Not available. Prior to 1989, imports of the product of this digest were included in a basket category which was allocated into 19 HTS subheadings. The allocation made to the product in this digest was zero.

⁵Not available.

Comment.—The product covered in this digest accounts for a minor part of the U.S. citrus industry. Industry sources suggest that a significant share of pulp, a by-product of citrus juice manufacture, is not retained in processing because the market is so small. Production of digest products does not require additional or special equipment. Producers and workers are primarily involved in citrus juice manufacture; the percentage of time and plant capacity used for pulp production is very small and difficult to estimate.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	107	100	-	**2
Imports from GSP countries:				
Total ¹	103	96	100	**2
Colombia.....	49	46	44	**1
Argentina.....	31	29	28	**1
Dominican Republic.....	15	14	14	** ⁽²⁾

¹Imports from Peru, Bolivia, and Ecuador were insignificant in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

DIGEST NO. 2008.30.37

CITRUS FRUIT PULP, OTHER THAN ORANGE

Citrus Fruit Pulp, Other Than Orange

I. Introduction

Citrus fruit pulp, other than orange: Harmonized Tariff Schedule (HTS) subheading for digest product; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2008.30.37	Citrus fruit pulp, other than orange, edible, otherwise prepared or preserved, whether or not containing added sugar or spirit	15%	Yes	***]

Description and uses.—HTS item 2008.30.37 includes pulp, or flesh containing juice sacs, from which juice has not been extracted. The pulp must be sterilized (that is, prepared under aseptic conditions), whether or not cooked. Citrus fruit pulp "otherwise prepared or preserved" refers to edible pulp except for fresh or chilled pulp, frozen pulp that is uncooked, or pulp that is a cooked preparation. Preservatives and other ingredients may be added. Digest products also include cells (an industry term) from lemon, lime, and grapefruit that are by-products of citrus juice processing. Pulp that is a mixture of orange and other citrus fruit would be included in this classification.

Citrus pulp is used primarily in beverages, marmelade, or other food products to add a natural citrus appearance. Citrus fruit peel is not covered under digest products.

Table II.

Digest Title: Certain potato products
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	885	1,568	3,351	4,192	4,401
Philippines.....	66	529	792	1,017	2,973
Bahamas.....	1,404	1,518	1,881	2,103	2,171
Taiwan.....	35	174	220	447	1,023
Singapore.....	391	857	613	566	1,014
Mexico.....	23	30	29	16	971
Saudi Arabia.....	2,708	1,167	2,093	794	924
Hong Kong.....	343	758	351	585	891
Malaysia.....	1,336	882	455	718	758
Brazil.....	71	286	297	263	690
Korea.....	29	5	10	52	616
Thailand.....	0	2	77	35	497
Netherlands Ant..	0	0	0	222	447
Japan.....	209	334	340	928	421
Kuwait.....	669	470	282	378	296
All other.....	2,238	2,498	2,402	1,944	2,908
Total.....	10,408	11,077	13,193	14,261	21,000
GSP Total 2/..	4,139	5,167	5,381	5,735	10,566
GSP+4 2/.....	4,937	6,960	6,575	7,384	14,109
Percent					
Canada.....	8.5	14.2	25.4	29.4	21.0
Philippines.....	.6	4.8	6.0	7.1	14.2
Bahamas.....	13.5	13.7	14.3	14.7	10.3
Taiwan.....	.3	1.6	1.7	3.1	4.9
Singapore.....	3.8	7.7	4.6	4.0	4.8
Mexico.....	.2	.3	.2	.1	4.6
Saudi Arabia.....	26.0	10.5	15.9	5.6	4.4
Hong Kong.....	3.3	6.8	2.7	4.1	4.2
Malaysia.....	12.8	8.0	3.4	5.0	3.6
Brazil.....	.7	2.6	2.3	1.8	3.3
Korea.....	.3	1/	.1	.4	2.9
Thailand.....	.0	1/	.6	.2	2.4
Netherlands Ant..	.0	.0	.0	1.6	2.1
Japan.....	2.0	3.0	2.6	6.5	2.0
Kuwait.....	6.4	4.2	2.1	2.7	1.4
All other.....	21.5	22.6	18.2	13.6	13.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	39.8	46.6	40.8	40.2	50.3
GSP+4 2/.....	47.4	62.8	49.8	51.8	67.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes X No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes X No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The Government of Peru has petitioned for addition of fruit pulps other than orange (including lime pulp) to the GSP. Peru anticipates that the expansion of its lime processing sector in the northern districts of the country would enhance its regional economic development and generate foreign exchange earnings.

Opposition.—Representative William M. Thomas expresses concern about the severe impact on U.S. producers from extending GSP benefits for citrus pulp and other citrus products, asparagus, processed tomato products, and olives. Representative Thomas reports that the U.S. industry notes that petitions for GSP benefits on these citrus products have been denied or refused review on a number of occasions in recent years, and circumstances have not changed to justify a different approach. Representative Thomas states that other GSP countries are likely to benefit more than the petitioner if GSP treatment for citrus were granted.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, and avocados, and vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The American Farm Bureau Federation is opposed to granting GSP benefits for the items under review. The Farm Bureau has opposed GSP since it was adopted in 1974, because Farm Bureau does not support unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. In January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principal as a step in making GATT a viable organization for handling trade problems."

The California-Arizona Citrus League opposes granting GSP benefits to citrus imports in light of recent developments that are expected to increase the domestic supply of processed citrus products. More citrus products will be produced for the domestic market, the Citrus League believes, because navel oranges now can be processed into frozen concentrates, and because Mediterranean fruit fly outbreaks may result in quarantines by other countries that will affect exports of U.S. citrus fruit. Further, the League states, granting GSP benefits unilaterally will erode the U.S. bargaining position in multilateral trade negotiations.

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round of GATT talks, and may harm economic growth in recipient countries by encouraging allocation of resources to the preferentially treated product. The Florida Bureau states that GSP for additional agricultural products is inappropriate and damages U.S. farmers, because developing countries have competitive agricultural industries in place that use the latest technology and production techniques and often are trained or financed by U.S. sources.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2008.30.37	- 152.8840 (0%)	- 15	- 15	- 15	- 15	15 -

Table II.

Digest No.
20083037Digest Title: Citrus fruit pulp, other than orange
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	1/	0	1/	1/	117
Canada.....	9	3	6	4	57
Philippines.....	0	0	1	16	38
Japan.....	1	5	18	32	22
Netherlands.....	103	72	96	40	18
Taiwan.....	0	0	0	7	10
Singapore.....	1/	1	0	5	9
Hong Kong.....	1/	2	0	14	6
Dominican Rep....	0	1	0	1/	5
Korea.....	1/	1/	2	1	3
Panama.....	1	0	0	1	3
Mexico.....	2	1	1/	1	2
Australia.....	0	0	1	1	2
Costa Rica.....	0	0	0	2	2
Spain.....	0	0	0	1	1
All other.....	17	10	10	12	4
Total.....	132	95	134	136	299
GSP Total 2/..	9	7	8	27	52
GSP+4 2/.....	10	10	10	55	81
Percent					
West Germany.....	1/	.0	1/	1/	39.2
Canada.....	6.6	3.6	4.3	3.2	18.9
Philippines.....	.0	.0	.5	11.8	12.7
Japan.....	.5	4.7	13.2	23.3	7.5
Netherlands.....	78.0	75.5	72.2	29.1	5.9
Taiwan.....	.0	.0	.0	5.1	3.4
Singapore.....	1/	1.2	.0	4.0	3.1
Hong Kong.....	1/	1.8	.0	10.5	2.1
Dominican Rep....	.0	1.3	.0	1/	1.7
Korea.....	1/	1/	1.4	.7	1.0
Panama.....	.4	.0	.0	.6	.9
Mexico.....	1.2	1.1	1/	.6	.7
Australia.....	.0	.0	.4	.7	.6
Costa Rica.....	.0	.0	.0	1.2	.5
Spain.....	.0	.0	.0	.6	.3
All other.....	12.7	10.4	7.8	8.6	1.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.0	7.3	5.9	19.9	17.5
GSP+4 2/.....	7.6	10.6	7.2	40.2	27.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2008.99.80

FRUIT AND OTHER EDIBLE PLANT PULPS, N.E.S.O.I.

Fruit and Other Edible Plant Pulp, N.E.S.O.I.

I. Introduction

Fruit and other edible plant pulps, n.e.s.o.i.: Harmonized Tariff Schedule (HTS) subheading for digest product; Short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; probable effects on U.S. imports and production.

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2008.99.80	Fruit and other edible plant pulps, n.e.s.o.i.	15%	Yes ¹	[***]

¹As a basket category, this HTS subheading contains many products. While there is U.S. production of some of the items in this number, other items contained in 2008.99.80 are not indigenous to the United States and there may be no known domestic commercial production.

Description and uses.—This HTS subheading includes fruit, nuts, and other edible parts of plants prepared or preserved in manners not mentioned in other chapters or not mentioned in previous subheadings. The Foreign Trade Institute of Peru in its petition specifically refers to "maracuja" (passion fruit). The category also includes unusual fruit pulps such as kumquat and breadfruit. The products are used in a variety of food preparations such as preserves and juices.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	**65	**60	**55	**65	-	**75
Employment (1,000 employees).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars).....	**2,000	**2,000	**2,000	**2,000	-	**2,000
Exports (1,000 dollars) ⁵	566	696	760	746	7	423
Imports (1,000 dollars).....	(^{6})	(^{6})	(^{6})	(^{6})	(⁶)	621
Consumption (1,000 dollars).....	(^{6})	(^{6})	(^{6})	(^{6})	(⁶)	**2,198
Import to consumption ratio (percent).....	(^{6})	(^{6})	(^{6})	(^{6})	(⁶)	**28
Capacity utilization (percent).....	(^{6})	(^{6})	(^{6})	(^{6})	(⁶)	**75

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³The number of producers is derived from the known number of passion fruit farms during the specified years and extrapolated to include other items in this basket HTS category.

⁴Estimated to be fewer than 500 employees.

⁵There is not a direct concordance between the HTS number for this category and the Schedule B export number. Therefore, one category may contain a slightly different set of products than the other. Generally, export categories are broader than import.

⁶HTS number 2008.99.80 is a new HTS description and therefore specific data previous to 1989 are not available.

Comment.—Many of the items contained in this basket subheading are not indigenous to the United States and therefore are not domestically produced, or are imported to fulfill domestic demand. Existing commercial production and processing of items under this HTS subheading are likely to be relatively small and specialized, or part of a larger facility producing more commonplace products.

The majority of passion fruit production in particular is located in Hawaii. Most passion fruit coming out of Hawaii for commercial use consists of yellow passion fruit. The purple passion fruit is more common in South America than it is in Hawaii.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	621	100	-	**28
Imports from GSP countries:				
Total ¹	590	95	100	**27
Dominican Republic.....	374	60	63	**17
Venezuela.....	105	17	18	** 5
Argentina.....	59	10	10	** 3
Colombia.....	20	3	3	** 1
Brazil.....	13	2	2	** ⁽²⁾
Mexico.....	12	2	2	** ⁽²⁾
India.....	4	1	1	** ⁽²⁾
Peru.....	4	1	1	** ⁽²⁾

¹Imports from Bolivia and Ecuador were negligible in 1989.

²Less than 0.5 percent.

Comment.—Because this subheading is a basket category, some items contained therein may only be available through imports, while U.S. production of other items may exceed domestic demand. In addition, countries such as the Dominican Republic, Argentina, and Mexico may have a significant advantage over countries such as India and Peru because of their proximity, which mitigates transportation costs, and their more advanced processing facilities.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

 U.S. products..... Above Equivalent Below

 Other foreign products..... Above Equivalent Below

Quality compared with—

 U.S. products..... Above Equivalent Below

 Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued.

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment—[

]

V. Position of interested parties

Petitioner.—The Foreign Trade Institute of Peru states in its petition that the competitive position of Peruvian exports to the U.S. market is affected by the lower duties paid by other countries under the United States-Canada Free Trade Agreement, the Caribbean Basin Economic Recovery Act, and the United States-Israel Free Trade Agreement. [***

Opposition—The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems.

The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, and vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

The California Kiwifruit Commission (the Commission) submitted a statement against the granting of GSP status to HTS subheading 2008.99.80. The Commission cited in its statement that the petitions filed by Peru and Colombia did not fulfill the guidelines set by 15 C.F.R. 2007.1. Furthermore, the Commission stated that the California kiwifruit industry is import-sensitive due to the current world increase in kiwifruit production. Chile, a former GSP country whose status is soon to be reviewed, is extremely competitive in kiwifruit production and with GSP status would have even greater U.S. market penetration. Finally, the California Kiwifruit Commission declared that the GSP countries' trading practices and additional policies such as worker rights are alone grounds for denying GSP benefits. The Commission asked that if GSP status must be granted, it be granted only for the specific items in the basket category stated by the petitioners.

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2008.99.80 ¹		-	-	-	-	15
	152.8840 (0%)	15	15	15	15	-

¹HTS 2008.99.80 is a new residual class not applicable prior to the HTSUS.

Table I.

Digest Title: Fruit and other edible plant pulps, n.e.s.o.i.
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Dominican Rep....	0	0	0	0	374
Venezuela.....	0	0	0	0	105
Argentina.....	0	0	0	0	59
Colombia.....	0	0	0	0	20
West Germany....	0	0	0	0	13
Brazil.....	0	0	0	0	13
Mexico.....	0	0	0	0	12
Australia.....	0	0	0	0	11
Austria.....	0	0	0	0	6
India.....	0	0	0	0	4
Peru.....	0	0	0	0	4
Total.....	0	0	0	0	621
GSP Total 1/..	0	0	0	0	590
GSP+4 1/.....	0	0	0	0	590
Percent					
Dominican Rep....	.0	.0	.0	.0	60.3
Venezuela.....	.0	.0	.0	.0	16.9
Argentina.....	.0	.0	.0	.0	9.5
Colombia.....	.0	.0	.0	.0	3.2
West Germany....	.0	.0	.0	.0	2.2
Brazil.....	.0	.0	.0	.0	2.1
Mexico.....	.0	.0	.0	.0	1.9
Australia.....	.0	.0	.0	.0	1.7
Austria.....	.0	.0	.0	.0	1.0
India.....	.0	.0	.0	.0	.7
Peru.....	.0	.0	.0	.0	.6
Total.....	.0	.0	.0	.0	100.0
GSP Total 1/..	.0	.0	.0	.0	95.1
GSP+4 1/.....	.0	.0	.0	.0	95.1

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
20089980Digest Title: Fruit and other edible plant pulps, n.e.s.o.i.
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	58	128	132	143	89
Canada.....	70	61	90	80	68
Hong Kong.....	56	49	11	15	40
Mexico.....	3	3	20	18	38
Taiwan.....	4	15	19	72	34
Philippines.....	1	12	4	15	23
Singapore.....	16	32	32	30	17
Indonesia.....	4	1	2	4	16
Sweden.....	4	4	6	8	12
Kuwait.....	3	2	5	1	10
Bermuda.....	33	90	114	87	10
Belgium.....	8	7	11	9	9
Italy.....	3	1/	6	6	7
Netherlands.....	9	14	51	32	6
Br Virgin Is....	0	0	0	0	5
All other.....	294	277	259	225	41
Total.....	566	696	760	746	423
GSP Total 2/..	125	180	177	169	112
GSP+4 2/.....	206	277	240	304	203
Percent					
Japan.....	10.2	18.4	17.4	19.2	21.1
Canada.....	12.3	8.7	11.8	10.7	16.0
Hong Kong.....	9.9	7.1	1.4	2.0	9.5
Mexico.....	.5	.4	2.6	2.4	8.9
Taiwan.....	.7	2.2	2.5	9.6	8.1
Philippines.....	.2	1.8	.5	2.0	5.4
Singapore.....	2.9	4.6	4.1	4.0	3.9
Indonesia.....	.8	.1	.2	.5	3.7
Sweden.....	.7	.6	.8	1.0	2.8
Kuwait.....	.5	.3	.6	.2	2.3
Bermuda.....	5.9	12.9	15.0	11.7	2.3
Belgium.....	1.4	1.0	1.5	1.2	2.1
Italy.....	.6	1/	.8	.8	1.6
Netherlands.....	1.6	2.0	6.7	4.2	1.4
Br Virgin Is....	.0	.0	.0	.0	1.2
All other.....	51.9	39.8	34.1	30.2	9.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	22.2	25.8	23.3	22.7	26.6
GSP+4 2/.....	36.5	39.9	31.5	40.8	48.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2009.11.00

FROZEN CONCENTRATED ORANGE JUICE

Frozen Concentrated Orange Juice

I. Introduction

Frozen concentrated orange juice: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2009.11.00	Frozen concentrated orange juice	9.25 cents per liter	Yes	[* * *]

Description and uses.—Orange juice is derived from the fruit of subtropical evergreen trees of the sweet orange species, genus Citrus, family Rutaceae. The composition (i.e., color, flavor, fragrance, and juice content) of fresh oranges is affected by such factors as growing conditions, various treatments and horticultural practices, maturity, rootstock and variety, and climate. Thus, the juice produced from the same variety in different growing areas will commonly vary in composition.

Frozen concentrated orange juice (FCOJ) is produced by extracting the juice from fresh oranges, evaporating natural moisture from the juice until a desired level of concentration is achieved, and then freezing the concentrate. FCOJ is usually produced in a super concentrated form referred to as frozen concentrated orange juice for manufacturing (FCOJM). FCOJM is not sold at the retail or institutional level. Instead, FCOJM is reprocessed through the addition of water into FCOJ before being packaged in retail-size or institutional-size containers for shipment. The most popular retail-size containers are 6, 12, and 16 ounces; institutional containers are generally 24 and 32 ounces. FCOJ and FCOJM can also be reconstituted to the equivalent of single strength orange juice, packaged in retail size containers for resale in the ready to drink beverage market.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	33	31	29	29	-4	28
Employment (1,000 employees).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars) ⁵	794,322	593,612	814,377	1,249,466	16	1,220,831
Exports (1,000 dollars).....	80,162	55,203	73,213	99,582	7	106,048
Imports (1,000 dollars).....	521,541	289,497	349,820	411,272	-7	301,152
Consumption (1,000 dollars).....	1,235,701	827,906	1,090,984	1,561,149	8	1,415,935
Import to consumption ratio (percent).....	42	35	32	26	-11	21
Capacity utilization (percent)...	(⁶)	(⁶)	(⁶)	(⁶)	-	(⁶)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Data are for FCOJ processors in Florida.

⁴Not available.

⁵Data are for the production of FCOJ from the Florida crop only, which accounts for over 90 percent of all domestically produced FCOJ. Data are on a crop year basis ending Nov. 30 of the year indicated.

⁶Data are not meaningful in an agricultural industry.

Comment.—The total U.S. supply of FCOJ (domestic production, imports, and carryover stock) has remained relatively constant over the period 1985-89, ranging between 1.2 billion gallons (single strength equivalent) and 1.3 billion gallons. However, minor variations in supply can cause significant changes in price such as in 1987 when the available supply in Florida decreased by 5 percent but prices for bulk FCOJ increased by 25 percent.

The domestic supply of FCOJ is dependent on the domestic production of oranges which varies with weather conditions and horticultural practices. In some years, freezes have substantially reduced production and in some instances production has been reduced in following years because of extensive tree damage.

In 1987, the last year data were available, there were 14,312 growers of oranges in the United States, down from 15,796 growers in 1982. Florida had 7,334 growers in 1987 and accounted for over 70 percent of the volume of oranges harvested in that year.

There are few, if any, differences between the quality of FCOJ produced in the United States and major foreign producing countries such as Brazil and Mexico. Most foreign producers have a cost of production advantage over domestic producers, particularly in terms of labor costs. Because FCOJ can be highly concentrated for transportation purposes, transportation costs are not an important consideration in sourcing FCOJ.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	301,152	100	-	21
Imports from GSP countries:				
Total ¹	300,561	100	100	21
Brazil.....	242,959	81	81	17
Mexico.....	45,345	15	15	3
Belize.....	8,532	3	3	1
Venezuela.....	1,979	1	1	(²)

¹Imports from Bolivia, Colombia, Ecuador, and Peru were negligible in 1989.

²Less than 0.5 percent.

Comment.—Imports of frozen concentrated orange juice are almost exclusively from GSP eligible countries. Brazil accounted for nearly 81 percent of the FCOJ imports in 1989. Mexico and Belize accounted for most of the remainder. Brazil has been losing market share over the last 5 years to Mexico and to a lesser extent to Belize. If Brazil is not granted benefits of GSP treatment, other GSP eligible supplies would increase the rate that they are taking import market share from Brazil. Brazil presently exceeds the competitive need limits for receiving GSP benefits.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes ___ No X

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes ___ No X

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—A significant portion of the imported FCOJ is used by domestic processors of FCOJ. Domestic processors blend imported FCOJ with domestically produced FCOJ to meet purchasers specifications. Blending can also lower the average cost of finished FCOJ, allowing domestic processors to compete with repackers of FCOJ who may be only using imported FCOJ in their products.

V. Position of interested parties

Petitioner.—The Government of Bolivia requested GSP treatment for FCOJ. The petition stated that the granting of GSP treatment would allow Bolivia to start a new commercial processing sector. Bolivia stated that it does not presently have a commercial market for FCOJ.

Opposition.—Congressman William M. Thomas is opposed to the granting of GSP treatment to frozen concentrated orange juice. Congressman Thomas noted that "the U.S. industry feels the petitions submitted by the Andean nations do not reflect requests for assistance to viable local industries. In the view of U.S. producers, nations such as Argentina, Brazil, and Mexico are far more likely to be the major beneficiaries of an extension of GSP benefits. In light of the competitive ability possessed by these nations, particularly by Brazil, the U.S. industry believes duty-free treatment would confer an unnecessary advantage."

The California State World Trade Commission opposes the granting of GSP treatment to agricultural products, including frozen concentrated orange juice. The Commission believes that "GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations."

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The National Juice Products Association (NJPA) is in opposition to Bolivia's petition to extend GSP eligibility to frozen orange juice. NJPA believes that the health of the U.S. juice processing industry would be seriously undermined by granting duty-free treatment under GSP to frozen orange juice. NJPA stated that "If frozen orange juice is granted duty-free status, over time Brazilian processors would surely take whatever steps are necessary to preserve their market dominance and meet lower prices offered by GSP countries. Were this to happen, U.S. FCOJ prices would erode to a level at which the U.S. industry could no longer recover its costs."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

The California-Arizona Citrus League, California Citrus Mutual, Citrus Grower Associates, Florida Citrus Mutual, Florida Citrus Packers, Florida Citrus Processors Association, Florida Department of Agriculture and Consumer Services, Florida Department of Citrus, Florida Farm Bureau Federation, Gulf Citrus Growers Association, Indian River Citrus League, and Texas Citrus Mutual are opposed to the granting of duty-free status for importations of frozen concentrated orange juice when imported from beneficiary developing countries under the Generalized System of Preferences. These parties believe that the U.S. citrus industry is import sensitive and any tariff reduction would cause an increase in imports which would harm the U.S. industry by lowering prices and displacing domestic output. The granting of GSP treatment could also expose the U.S. industry to the possibility of increased transshipments from the non-duty-free countries. Although transshipments might be prohibited, it is unrealistic to believe that it can be controlled. Thus, the impact of granting GSP treatment for FCOJ would be compounded.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Specific rate of duty) ¹						
HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2009.11.00	165.2900 (100%)	- 35¢/gal.	- 35¢/gal.	- 35¢/gal.	- 35¢/gal.	9.25¢/liter -

¹ The per gallon duty rate is applicable to juice in its natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice that can be made from a gallon of concentrate.

Table I.

Digest Title: Frozen concentrated orange juice
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Brazil.....	502,398	264,238	305,291	354,537	242,959
Mexico.....	7,914	13,694	25,701	46,816	45,345
Belize.....	4,598	4,779	5,986	6,202	8,532
Venezuela.....	45	13	16	0	1,979
Costa Rica.....	0	0	24	0	688
Argentina.....	0	0	0	0	455
Honduras.....	1,254	363	792	0	437
Canada.....	3,004	3,731	1,236	401	434
Barbados.....	0	0	0	0	134
France.....	502	1,057	680	1,536	73
Belgium.....	4	84	1	0	53
Peru.....	0	0	0	0	30
Australia.....	0	186	443	0	24
Korea.....	46	39	49	228	5
Netherlands Ant..	0	0	0	0	3
All other.....	1,775	1,314	601	1,553	2
Total.....	521,541	289,497	340,820	411,272	301,152
GSP Total 2/..	517,579	284,333	338,364	408,024	300,561
GSP+4 2/.....	517,625	284,388	338,415	408,252	300,566
Percent					
Brazil.....	96.3	91.3	89.6	86.2	80.7
Mexico.....	1.5	4.7	7.5	11.4	15.1
Belize.....	.9	1.7	1.8	1.5	2.8
Venezuela.....	1/	1/	1/	.0	.7
Costa Rica.....	.0	.0	1/	.0	.2
Argentina.....	.0	.0	.0	.0	.2
Honduras.....	.2	.1	.2	.0	.1
Canada.....	.6	1.3	.4	.1	.1
Barbados.....	.0	.0	.0	.0	1/
France.....	.1	.4	.2	.4	1/
Belgium.....	1/	1/	1/	.0	1/
Peru.....	.0	.0	.0	.0	1/
Australia.....	.0	.1	.1	.0	1/
Korea.....	1/	1/	1/	.1	1/
Netherlands Ant..	.0	.0	.0	.0	1/
All other.....	.3	.5	.2	.4	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	99.2	98.2	99.3	99.2	99.8
GSP+4 2/.....	99.2	98.2	99.3	99.3	99.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Frozen concentrated orange juice
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	45,439	28,059	38,692	43,638	34,555
Korea.....	1,338	417	570	431	18,172
Japan.....	1,559	1,345	1,793	7,099	7,342
France.....	1,078	902	1,088	1,311	6,858
Taiwan.....	3,013	2,446	2,868	4,241	4,425
Hong Kong.....	1,828	1,343	2,311	2,575	4,030
Netherlands.....	1,844	2,679	3,042	6,922	3,711
Greece.....	0	0	0	0	3,557
Norway.....	1,241	1,322	1,844	3,156	3,448
West Germany.....	1,583	2,708	4,418	4,793	2,641
Australia.....	0	162	0	3,405	2,357
United Kingdom...	1,501	1,706	2,783	4,601	2,348
Sweden.....	1,431	1,428	1,531	2,111	2,120
Switzerland.....	1,519	1,138	1,976	1,947	1,484
Honduras.....	2,120	1,519	1,660	1,975	1,478
All other.....	14,666	8,028	8,637	11,376	7,522
Total.....	80,162	55,203	73,213	99,582	106,048
GSP Total 1/..	10,698	6,002	5,265	7,901	4,490
GSP+4 1/.....	17,291	10,660	11,490	15,885	31,945
Percent					
Canada.....	56.7	50.8	52.8	43.8	32.6
Korea.....	1.7	.8	.8	.4	17.1
Japan.....	1.9	2.4	2.4	7.1	6.9
France.....	1.3	1.6	1.5	1.3	6.5
Taiwan.....	3.8	4.4	3.9	4.3	4.2
Hong Kong.....	2.3	2.4	3.2	2.6	3.8
Netherlands.....	2.3	4.9	4.2	7.0	3.5
Greece.....	.0	.0	.0	.0	3.4
Norway.....	1.5	2.4	2.5	3.2	3.3
West Germany.....	2.0	4.9	6.0	4.8	2.5
Australia.....	.0	.3	.0	3.4	2.2
United Kingdom...	1.9	3.1	3.8	4.6	2.2
Sweden.....	1.8	2.6	2.1	2.1	2.0
Switzerland.....	1.9	2.1	2.7	2.0	1.4
Honduras.....	2.6	2.8	2.3	2.0	1.4
All other.....	18.3	14.5	11.8	11.4	7.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	13.3	10.9	7.2	7.9	4.2
GSP+4 1/.....	21.6	19.3	15.7	16.0	30.1

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.



DIGEST NO. 2009.30.1020

LIME JUICE

Lime Juice¹

I. Introduction

Lime juice: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2009.30.1020	Lime juice; unfit for beverage purposes; not concentrated	2.76¢/kg ⁽¹⁾	No ⁽²⁾	***
2009.30.1040	Lime juice; unfit for beverage purposes; concentrated	2.6%	Yes	***
2009.30.2020	Lime juice; other; not concentrated	1.2%	Yes	***
2009.30.2040	Lime juice; other; concentrated	16.5%	Yes	***

¹An ad valorem duty rate cannot be calculated for this subheading because there were no imports in 1989. Consequently, the specific duty rate is shown.

²To date, the Commission staff estimates that there is no lime juice, unfit for beverage consumption, not concentrated, produced domestically or imported. The Commission staff believes that it is conceivable for both imports and production of this product to exist. [

]

Description and uses.—Lime juice is derived from the fruit of lime trees; the primary product derived from lime trees is the fresh limes themselves. Lime trees are subtropical deciduous trees that retain their leaves all year. They are classified under the genus of Citrus, and in the family of Rutaceae. About 90 percent of the annual lime crop is produced in Dade County Florida; there is also some lime production in California, Arizona, and Hawaii. During 1985–89, there were between 6,600 and 7,000 acres in Florida devoted to the production of lime trees. This acreage roughly produced between 15,000 and 20,000 pounds of limes per acre per year. On a weight basis, between ¼ and ½ of all domestic limes produced were processed (i.e., made into juice). On a value basis, processed limes account for between 4 percent and 15 percent of domestic production during 1985 and 1989. Domestic limes used for juice production are highly inferior to those limes marketed as fresh limes. During the 1988–89 crop year, fresh Florida limes averaged \$21.60 per box whereas limes sold for juice averaged \$3.18 per box. In recent years, it has often cost lime growers more to pick "juice" limes than the revenues that they receive for them (i.e., it cost the growers more than \$3.18 per box in 1988–89 to pick the limes that will be used for processing). Regardless, these limes must be picked in order to properly prepare the lime tree for an ensuing crop.

Lime juice fit for beverage purposes is pasteurized sweetened or unsweetened, and either single-strength or concentrated. Lime juice is an important beverage additive for many soft drinks (e.g., Sprite, Seven-up, Hi-C, Hawaiian Punch, and Gatorade). Occasionally, lime juice can be used interchangeably with lemon juice for such purposes as contributing flavor, acidity, and antioxidant properties to pies, candy, cakes, and pickling solutions.

¹This digest includes the following HTS subheadings: 2009.30.1020, 2009.30.1040, 2009.30.2020, and 2009.30.2040.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number) ³	**320	**320	**320	**320	-	**320
Employment (1,000 employees).....	(4)	(4)	(4)	(4)	(4)	(4)
Shipments (1,000 dollars).....	**2,200	**2,300	**2,300	**1,400	** -14	**900
Exports (1,000 dollars) ⁵	(4)	(4)	(4)	(4)	(4)	(4)
Imports (1,000 dollars).....	1,909	2,545	1,614	2,122	4	1,750
Consumption (1,000 dollars).....	**4,100	**4,800	**3,900	**3,500	** -5	**2,700
Import to consumption ratio (percent).....	**46	**53	**42	**60	**9	**66
Capacity utilization (percent) ⁶	(4)	(4)	(4)	(4)	(4)	(4)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³This number reflects an estimate of the lime growers in South Florida only; there are also a few, but unknown, number of lime growers in California, Arizona, and Hawaii not included here.

⁴Not available.

⁵Lime juice exports were buried within a basket classification for both the TSUS and HTS.

Consequently, there is no accurate methodology for making an estimate of lime juice exports.

⁶Lime juice production is a secondary process whereas fresh lime production is the lime grower's primary objective, subsequently, the capacity utilization of lime growers production devoted to lime juice is unavailable, and, in any event, would be meaningless.

Comment.—Production of lime juice is a residual operation. Limes trees are primarily cultivated for their ability to produce fresh fruit. The much inferior limes that are made into juice are often picked at a loss and they have been valued as low as one-tenth the value of fresh limes (i.e., 1988). Furthermore, the domestic demand for fresh limes is relatively stagnant.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,750	100	-	**66
Imports from GSP countries:				
Total ¹	1,698	97	100	**64
Brazil.....	826	47	49	**31
Mexico.....	821	47	48	**31
Sudan.....	29	2	2	**1
Peru.....	21	1	1	**1

¹ U.S. imports from Bolivia, Ecuador, and Colombia were nil in 1989.

Comment.—During 1985–89, imports from Peru, the petitioning country, never exceeded 2 percent of all imports. During 1985–88, Mexico accounted for 82 percent of all lime juice imports. Historical data would suggest that Mexico and possibly Brazil, but not Peru, would be the primary beneficiaries should GSP treatment be granted for this digest.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico¹ for all digest products

Ranking as a U.S. import supplier, 1989 ¹ 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below X

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below X

Other foreign products..... Above ___ Equivalent X Below ___

¹ In 1989, Mexico just missed being the leading supplier by \$5,000. However, during 1985-88, Mexico was, by far, the leading supplier accounting for 82 percent of all digest imports.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below X

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No X

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in these countries be easily expanded or contracted
in the short term?..... Yes X No

Do these countries have significant export markets besides the
United States?..... Yes X No

Could exports from these countries be readily redistributed among
their foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below X

Other foreign products..... Above Equivalent X Below

Comment.—During 1985–89, imports from GSP beneficiary countries represented 91 percent of U.S. imports. Significant U.S. imports from Brazil are a 1989 phenomena. During 1985–88, U.S. Lime juice imports from Brazil, represented only about 4 percent of such imports.

The Florida Lime and Avocado Administrative Committee contends that the quality of U.S. Lime juice is very high. The quality of the imported product (primarily from Mexico) is, at best, equal to and oftentimes inferior to the U.S. product.

V. Position of interested parties

Petitioner.—The Government of Peru (the Foreign Trade Institute) has requested that lime juice, along with several other agricultural products, be granted GSP treatment. In general, the Peruvian government believes that their agro-industry is a sector has the potential to generate foreign exchange if more exports in that sector can be stimulated.

Opposition.—The California State World Trade Commission (Commission) opposes granting GSP status to agricultural products sensitive to import competition. The Commission contends that the GSP program was enacted by Congress to encourage industrial development, not agriculture. It is clear that new GSP status for products sensitive to imports, the Commission states, could damage U.S. growers of these products. Farm specialty products mentioned in the Commission's brief included roses, tomatoes, asparagus, broccoli, cauliflower, grapes, oranges, strawberries, avocados, vegetables, fruit, nuts, flowers, and foliage. The Commission states that using GSP to assist competing agricultural products is not an acceptable alternative for California agriculture. GSP benefits are too far-reaching to be appropriately used to help the Andean nations. The economic hardship on California's farm sector will far outweigh what little benefit realistically will accrue to the Andean nations.

Representatives from the Florida Citrus Mutual, the Florida Department of Citrus, and the California-Arizona Citrus League presented testimony at the Commission's GSP Hearing. These representatives contend that if GSP treatment were granted for this and other citrus products, markets would be lost, prices would decline, and profit margins would decrease because of lower domestic output, lower revenues, and higher unit costs. They further contend that granting GSP treatment would expose the industry to a likely possibility of increased trans-shipments from other non-duty-free countries. They maintain the origin of citrus products is, at best, difficult and often impossible to trace. Where information on citrus is available, there are frequent examples of a country's exports exceeding its production.

The American Farm Bureau Federation is opposed to granting GSP benefits to the requests of the Andean countries under review because the Farm Bureau, representing over 3.8 million member families, has opposed GSP since it was adopted in 1974 on the grounds of opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions. By the voting delegates in January 1990, the Farm Bureau called "for a return to adherence to the Most-Favored-Nation (MFN) principle as a step in making GATT a viable organization for handling trade problems."

The Florida Farm Bureau Federation opposes granting GSP status to agricultural products because it runs counter to the Most Favored Nation principles, appears to be counter productive to the U.S. negotiating position in the Uruguay round under the GATT, and resources in recipient countries "tend to be allocated to the preferentially treated product and may actually hinder economic growth." The Federation stated that GSP on additional agricultural products is inappropriate and damaging to U.S. farmers because developing countries have an agriculture industry in place that has usually been trained in the United States, using the latest technology and production techniques, often financed by U.S. capital, and is highly competitive.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988 ¹	1989 ¹
2009.30.10		-	-	-	-	2.76¢/kg
	192.1500 (100%)	1.25¢/lb	1.25¢/lb	1.25¢/lb	1.25¢/lb	-
2009.30.20		-	-	-	-	2.6¢/ltr
	165.2520 (100%)	10¢/gal	10¢/gal	10¢/gal	10¢/gal	-
	165.2540 (100%)	10¢/gal	10¢/gal	10¢/gal	10¢/gal	-

¹ The 1988 rates of 1.25¢ per pound and 10¢ per gallon are equivalent to the 1989 rates of 2.76¢ per kilogram and 2.6¢ per liter, respectively.

Table I.

Digest Title: Line juice
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Brazil.....	85	43	0	171	826
Mexico.....	1,583	2,094	1,273	1,753	821
Italy.....	41	45	95	112	39
Sudan.....	0	0	0	0	29
Peru.....	23	53	20	24	21
Switzerland.....	17	18	17	0	6
Sweden.....	0	0	0	0	5
Canada.....	4	166	77	0	1
Honduras.....	0	0	0	0	1
Costa Rica.....	0	4	0	0	0
Haiti.....	3	0	0	31	0
Dominican Rep....	24	26	0	0	0
Dominica.....	0	48	0	0	0
Trin & Tobago....	0	0	0	0	0
Colombia.....	0	0	0	7	0
All other.....	129	48	133	25	0
Total.....	1,909	2,545	1,614	2,122	1,750
GSP Total 1/..	1,718	2,308	1,293	1,992	1,698
GSP+4 1/.....	1,729	2,314	1,296	1,992	1,698
Percent					
Brazil.....	4.4	1.7	.0	8.1	47.2
Mexico.....	82.9	82.3	78.9	82.6	46.9
Italy.....	2.2	1.8	5.9	5.3	2.2
Sudan.....	.0	.0	.0	.0	1.6
Peru.....	1.2	2.1	1.2	1.1	1.2
Switzerland.....	.9	.7	1.0	.0	.4
Sweden.....	.0	.0	.0	.0	.3
Canada.....	.2	6.5	4.7	.0	.1
Honduras.....	.0	.0	.0	.0	.1
Costa Rica.....	.0	.2	.0	.0	.0
Haiti.....	.1	.0	.0	1.4	.0
Dominican Rep....	1.2	1.0	.0	.0	.0
Dominica.....	.0	1.9	.0	.0	.0
Trin & Tobago....	.0	.0	.0	.0	.0
Colombia.....	.0	.0	.0	.3	.0
All other.....	6.7	1.9	8.3	1.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	90.0	90.7	80.1	93.9	97.0
GSP+4 1/.....	90.6	90.9	80.3	93.9	97.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2208.10.30

COMPOUND ALCOHOLIC PREPARATIONS

Compound Alcoholic Preparations¹

I. Introduction

Compound alcoholic preparations: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
	Compound alcoholic preparations:			
2208.10.30	Not over 20% alcohol	9.5%	Yes	[***]
2208.10.60	Over 20% alcohol but not over 50%	4.9%	Yes	[***]
2208.10.90	Over 50% alcohol	3.8%	Yes	[***]

Description and uses.—The products included in this digest are compound alcoholic preparations that contain less than 80 percent alcohol, by weight, and are used for the manufacture of beverages (e.g., aperitif, liqueurs). These products, generally made up of a complex mixture of distillates, tinctures, alcoholates and natural or synthetic essences, contain (in whole or in part) aromatic principles and sometimes other constituents which characterize a particular beverage. These preparations are not intended for immediate consumption. However, in most cases, the beverage can be obtained simply by diluting the extract with water, wine or alcohol. Some of these products are specially prepared for domestic use; they are also widely used in industry in order to avoid the unnecessary transport of large quantities of water, alcohol, etc.

¹This digest includes the following HTS subheadings: 2208.10.30, 2208.10.60, and 2208.10.90.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	281	291	254	270	-1	*275
Employment (1,000 employees).....	**3	**3	**2	**2	**13	**2
Shipments (million dollars).....	**150	**160	**166	**172	**5	**163
Exports (million dollars).....	3 ⁽⁴⁾	3 ⁽⁴⁾	3 ⁽⁴⁾	3 ⁽⁴⁾	-	3
Imports (million dollars).....	6	11	13	9	15	6
Consumption (million dollars).....	**153	**168	**176	**178	**5	**166
Import to consumption ratio (percent).....	**4	**7	**7	**5	-	**4
Capacity utilization (percent).....	*75	*77	*77	*76	-	*76

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Distilled spirits plants authorized to operate, as reported by the U.S. Department of the Treasury.

⁴Estimated by the staff of the U.S. International Trade Commission.

Comment.—Trade sources report that most compound alcoholic preparations are used in the production of specialty beverages (e.g., liqueurs, cordials, etc.). Many of these beverages are produced by single producers from proprietary formulas resulting in important taste variations. These variations and/or characteristics are dependent on various factors, including; the raw material employed for distilling, the proof at which the product is distilled, flavoring or coloring ingredients, and the aging process. There is some price competition between the more generic preparations, but generally, imported compound alcoholic preparations tend to be specialty products. Demand for these products is more dependent on consumer taste preferences, brand loyalty, and perceived quality than the price.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	5,803	100	-	**4
Imports from GSP countries:				
Total ¹	1,022	18	100	**1
Brazil.....	916	16	93	**1
Argentina.....	31	1	3	** (2)
Egypt.....	31	1	3	** (2)
Turkey.....	3	(2)	(2)	** (2)

¹U.S. imports from the following Andean countries, Bolivia, Ecuador, Peru, and Colombia were negligible in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High Moderate X Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High Moderate X Low

Price level compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

V. Position of interested parties

Petitioner.—The petition was submitted by the Colombian Government Trade Bureau on behalf of INCOMEX (Instituto Colombiano de Comercio Exterior) and PROEXPO (Fondo de Promocion de Exportaciones, Banco de la Republica), which have general responsibility within the Colombian Government for GSP petitions. The petitioner reports that granting GSP treatment to these items would not have a significant effect on the U.S. industry and would greatly assist the Colombian alcohol industry, with beneficial effects radiating throughout the economy leading to further overall growth and stability.

Opposition.—The Government of the Virgin Islands, through its representative, Commissioner of Economic Development and Agriculture Eric E. Dawson, in testimony at the Commission's Hearing, expressed strong opposition to the Colombian request for GSP status on the HTS subheadings contained herein. The Commissioner stated that extension of GSP status to these items may result in the displacement of rum as an alcohol base for blending liquors or liqueurs, prepared cocktails, and other alcohol beverage products.

DISCUS, a national trade association (whose members produce or import approximately 85 percent of the alcoholic beverages sold in the United States and are also the primary U.S. distributors of rums from Puerto Rico, the U.S. Virgin Islands, and the Caribbean), indicated in a statement sent to the Commission that its members are strongly opposed to the granting of GSP treatment for products entering under HTS subheadings 2208.10.30, 2208.10.60, and 2208.10.90. DISCUS believes that duty-free status for these products would further disrupt an already declining U.S. spirits market. In view of the special fiscal relationship between the United States and Puerto Rico and the U.S. Virgin Islands regarding shipments to the United States, DISCUS requests that consideration for GSP treatment be denied in this case.

Virgin Islands Rum Industries, Ltd. (VIRIL), a domestic rum producer located in the U.S. Virgin Islands, expressed strong opposition to the Colombian request for GSP status on HTS Subheadings 2208.10.30, 2208.10.60, and 2208.10.90 in testimony at the Commission's Hearing. A VIRIL spokesman reported that duty-free treatment of these compound alcoholic preparations under GSP might result in these products being marketed as rum or as rum substitutes, particularly in premixed cocktails, such as pina coladas. The spokesman reported that in such event, the economic effects of such imports would be the same as if the imported article was, in fact, rum.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2208.10.30	4503.00.00 (50%)	-	-	-	-	9.5
		8.1	7.2	6.6	7.6	-
2208.10.60	4504.00.00 (50%)	-	-	-	-	4.9
		4.1	3.5	3.4	3.6	-
2208.10.90	4505.00.00 (50%)	-	-	-	-	3.8
		7.3	6.8	6.0	5.7	-

Table I.

Digest No.
22081030Digest Title: Compound Alcoholic Preparations
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	784	1,701	2,014	1,452	1,785
Brazil.....	1,009	3,267	2,234	1,927	916
West Germany.....	942	935	1,117	992	885
Italy.....	54	68	87	68	871
United Kingdom...	263	377	482	555	683
Ireland.....	1	1,101	1,438	856	161
Belgium.....	0	187	346	116	140
Netherlands.....	943	971	992	278	125
Switzerland.....	109	79	47	140	86
Canada.....	467	638	963	1,006	41
Chile.....	41	42	90	36	33
Argentina.....	187	277	352	217	31
Egypt.....	0	0	0	0	31
Poland.....	0	0	0	0	7
Japan.....	80	128	460	447	5
All other.....	691	1,665	2,065	975	3
Total.....	5,571	11,936	12,688	9,066	5,803
GSP Total 2/..	1,472	3,684	2,771	2,261	1,022
GSP+4 2/.....	1,487	3,684	2,771	2,261	1,022
Percent					
France.....	14.1	14.9	15.9	16.0	30.8
Brazil.....	18.1	28.6	17.6	21.3	15.8
West Germany.....	16.9	8.2	8.8	10.9	15.3
Italy.....	1.0	.6	.7	.8	15.0
United Kingdom...	4.7	3.3	3.8	6.1	11.8
Ireland.....	1/	9.6	11.3	9.4	2.8
Belgium.....	.0	1.6	2.7	1.3	2.4
Netherlands.....	16.9	8.5	7.8	3.1	2.2
Switzerland.....	2.0	.7	.4	1.5	1.5
Canada.....	8.4	5.6	7.6	11.1	.7
Chile.....	.7	.4	.7	.4	.6
Argentina.....	3.4	2.4	2.8	2.4	.5
Egypt.....	.0	.0	.0	.0	.5
Poland.....	.0	.0	.0	.0	.1
Japan.....	1.4	1.1	3.6	4.9	.1
All other.....	12.4	14.6	16.3	10.8	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	26.4	32.2	21.8	24.9	17.6
GSP+4 2/.....	26.7	32.2	21.8	24.9	17.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2208.40.00

RUM

Rum

I. Introduction

Rum: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (AVE) (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
2208.40.00	Rum ¹	15%	Yes	[***]
2208.40.00(pt)	Aguardiente ²	15%	No ³	[***]

Description and uses.—Rum is any alcoholic distillate from the fermented juice of sugarcane, sugarcane syrup, sugarcane molasses, or other sugarcane byproducts distilled at less than 190-degrees proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum. Most rum consumed in the United States is light in flavor and is used mostly in preparing cocktails. More full-bodied types are used as ingredients in punch, rum toddies, and zombies.

According to the Colombian Government Trade Bureau (petitioner), Aguardiente is an alcoholic beverage typical of Colombia derived from molasses and is a completely distinct product from rum. The petitioner reports that aguardiente is a crystal clear beverage flavored with anise and is consumed "straight" in very small glasses, mixed with hot coffee, or used in the preparation of cocktails and some typical desserts.⁴

¹Advice is also requested on 2208.40.00(pt).

²[

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³The term "aguardiente" or "aguardente" is a descriptive word used for various distilled alcoholic beverages. Trade sources report that in South America it usually refers to cane distillate or cane distillate with anise. However, in Spain and Portugal the term is used to describe certain grape brandies. Grossman's Guide To Wine, Beers, and Spirits (sixth revised edition, p. 592) reports that the term is of Spanish origin and refers to spirits, primarily brandy or whisky. The finding that this product was not produced in the United States is based on the petitioner's definition of the beverage.

⁴Officials of the U.S. Department of the Treasury, Bureau of Alcohol, Tobacco, and Firearms (BATF) have reported to USITC staff that the term "aguardiente" is not an official designation for a particular alcoholic beverage in the United States, but rather a "fanciful name", and consequently, may only be used on alcoholic beverage labels in conjunction with a recognized spirit identity, such as brandy, liqueur, etc. The BATF officials indicated the term "aguardiente" has been used on labels with brandy, liqueurs, cane distillate, and cane distillate with anise.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*11	*9	*9	*9	*6	*9
Employment (employees).....	*1,700	*1,400	*1,300	*1,200	*-11	*1,200
Shipments (1,000 dollars).....	*165,100	*144,680	*141,125	*135,587	*-6	**136,943
Exports (1,000 dollars).....	1,644	1,997	3,037	3,414	27	2,693
Imports (1,000 dollars).....	10,867	9,983	7,176	6,968	11	10,830
Consumption (1,000 dollars) ³	*164,712	*158,366	*145,252	*141,948	*-5	**144,500
Import to consumption ratio (percent).....	*7	*6	*5	*5	-	**7
Capacity utilization (percent).....	*80	*80	*80	*80	-	*80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Adjusted for stocks.

Comment.—Puerto Rico and the U.S. Virgin Islands are the principal rum-producing areas, with some production also taking place in Florida, Massachusetts, and Hawaii. Producers in Puerto Rico account for about 85 percent of U.S. rum production, and Virgin Islands production makes up about 10 percent. There are about nine rum producers; however, Bacardi Corp. of Miami, FL, and Puerto Rico, is estimated to account for over 70 percent of production. Bacardi's size and the fact that it is its own importer and distributor (with over 200 wholesalers) allows it to enjoy significant economies of scale. In addition Bacardi and certain other U.S. producers are large enough to promote brand recognition through extensive advertising. There are two markets for rum in the United States, the branded rums (usually unaged and generally used in prepared cocktails) and the private-label rums. Rum from the U.S. Virgin Islands largely supplies the private-label market, which usually sells at prices considerably less than the branded rums. Generally, the Puerto Rican brands and brands from the Caribbean area compete in the higher priced, branded market. In 1989, about 90 percent (by value) of all rum imports were from Caribbean countries which were eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

Industry contacts knew of no domestic production of aguardiente (as defined by the petitioner) and imports are estimated to have been less than \$141,000 in 1989.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	10,830	100	-	**7
Imports from GSP countries:				
Total ¹	10,233	94	100	**7
Jamaica.....	5,973	55	59	**4
Barbados.....	1,875	17	19	**1
Dominican Republic.....	1,070	10	11	**1
Haiti.....	245	2	2	** (2)

¹U.S. imports from Bolivia, Ecuador, Peru, and Colombia were negligible in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Jamaica for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Barbados for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The petition was submitted by the Colombian Government Trade Bureau on behalf of INCOMEX (Instituto Colombiano de Comercio Exterior) and PROEXPO (Fondo de Promocion de Exportaciones, Banco de la Republica), which have general responsibility within the Colombian Government for GSP petitions. The petitioner requests that the President designate articles entering under HTS subheading 2208.40.00 as eligible for duty-free treatment under the GSP. Alternatively, Colombia requests: (1) that if designation of an article at the 8-digit level presents a problem, that the classification 2208.40.00 be designated as eligible in part; and/or (2) that only Colombia be designated as eligible with respect to rum and/or aguardiente. The Colombian Government reports that GSP status will permit Colombian producers and exporters to overcome any competitive disadvantages they now suffer by virtue of the less developed nature of their sector and economy and to increase their exports to the United States.

Opposition.—Honorable Ron de Lugo, Delegate to the U.S. House of Representatives from the U.S. Virgin Islands opposes the granting of GSP status for rum. Delegate de Lugo reported, in a statement sent to the Commission, that the Virgin Islands rum industry is suffering from a national decline in consumption of distilled spirits and the industry is struggling to get back on its feet as a result of the devastation wrought by Hurricane Hugo. He also reported that any move to allow duty-free entry of rum from Colombia and other cheap-labor, GSP-eligible countries would cause serious harm to the Virgin Islands rum industry and the Virgin Islands economy, in direct contravention of the previous policy of Congress and the Executive Branch.

The Government of the Virgin Islands, through its representative, Commissioner of Economic Development and Agriculture Eric E. Dawson, expressed strong opposition to the Colombian request for GSP status on rum in testimony at the Commission's Hearing. The spokesman indicated that the petition presents a serious threat to the health of the Virgin Islands economy and its rum industry, as well as to the fiscal autonomy of its Government. The spokesman testified that the granting of the petition would have a devastating impact on one of the Virgin Islands' most significant industries and would be contrary to the historical and legal covenants between the Virgin Islands and the United States.

DISCUS, a national trade association (whose members produce or import approximately 85 percent of the alcoholic beverages sold in the United States and are also the primary U.S. distributors of rums from Puerto Rico, the U.S. Virgin Islands, and the Caribbean), indicated in a statement sent to the Commission that its members are strongly opposed to the granting of GSP treatment for products entering under HTS Subheadings 2208.40.00 and 2208.40.00(pt). DISCUS believes that duty-free status for these products would further disrupt an already declining U.S. spirits market. In view of the special fiscal relationship between the United States and Puerto Rico and the U.S. Virgin Islands regarding shipments to the United States, DISCUS requests that consideration for GSP treatment be denied in this case.

Virgin Islands Rum Industries, Ltd. (VIRIL), a domestic rum producer located in the U.S. Virgin Islands, expressed strong opposition to the Colombian request for GSP status on rum in testimony at the Commission's Hearing. A VIRIL spokesman reported that duty-free treatment of rum under GSP will hurt current market participants by reducing profitability with no significant offsetting benefit to Colombian economic interests. He further stated that in a stagnant or shrinking U.S. rum market, any gains that Colombia (or other GSP beneficiary) producers might make would necessarily come at the expense of already suffering domestic (or CBI) producers. Consequently, he felt that the USITC should conclude that rum is "import-sensitive" and report to the U.S. Trade Representative that granting duty-free treatment under the GSP would have an adverse impact on the domestic rum industry.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

HTS subheading	TSUSA item No. (and allocation)	(Percent ad valorem or ad valorem equivalent)				
		TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2208.40.00		-	-	-	-	10
	169.1300 (100%)	10	12	10	4	-
	169.1400 (100%)	28	29	24	5	-

Table I.

Digest No.
22084000Digest Title: Rum
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Jamaica.....	7,546	6,934	3,869	3,283	5,973
Barbados.....	1,119	1,125	1,024	1,131	1,875
Dominican Rep....	282	561	646	1,188	1,070
Haiti.....	206	171	299	222	245
United Kingdom...	418	193	157	130	202
Br Virgin Is....	622	61	67	121	198
Venezuela.....	52	47	106	156	188
Colombia.....	73	79	120	107	141
Bahamas.....	46	163	73	75	123
France.....	6	47	111	39	119
Bermuda.....	41	71	78	110	116
Canada.....	40	57	71	23	115
Trin & Tobago....	62	69	113	102	102
Guyana.....	113	164	188	111	81
Austria.....	30	14	20	39	51
All other.....	210	227	232	132	232
Total.....	10,867	9,983	7,176	6,968	10,830
GSP Total 1/..	10,320	9,547	6,673	6,708	10,233
GSP+4 1/.....	10,320	9,547	6,686	6,708	10,233
Percent					
Jamaica.....	69.4	69.5	53.9	47.1	55.2
Barbados.....	10.3	11.3	14.3	16.2	17.3
Dominican Rep....	2.6	5.6	9.0	17.1	9.9
Haiti.....	1.9	1.7	4.2	3.2	2.3
United Kingdom...	3.8	1.9	2.2	1.9	1.9
Br Virgin Is....	5.7	.6	.9	1.7	1.8
Venezuela.....	.5	.5	1.5	2.2	1.7
Colombia.....	.7	.8	1.7	1.5	1.3
Bahamas.....	.4	1.6	1.0	1.1	1.1
France.....	.1	.5	1.5	.6	1.1
Bermuda.....	.4	.7	1.1	1.6	1.1
Canada.....	.4	.6	1.0	.3	1.1
Trin & Tobago....	.6	.7	1.6	1.5	.9
Guyana.....	1.0	1.6	2.6	1.6	.7
Austria.....	.3	.1	.3	.6	.5
All other.....	1.9	2.3	3.2	1.9	2.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	95.0	95.6	93.0	96.3	94.5
GSP+4 1/.....	95.0	95.6	93.2	96.3	94.5

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Rum
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Netherlands Ant..	0	0	0	556	913
Canada.....	233	138	158	115	292
Cayman Is.....	1	2	0	12	220
Sweden.....	66	14	29	43	123
Netherlands.....	214	282	1,064	418	120
Belgium.....	68	20	34	140	113
Chile.....	17	47	144	74	109
Aruba.....	247	392	392	50	94
Br Virgin Is....	0	0	0	90	83
Japan.....	28	174	147	363	75
Panama.....	120	76	150	88	63
Italy.....	9	17	0	11	51
West Germany.....	89	148	232	49	42
Finland.....	20	29	58	29	40
Suriname.....	0	0	0	0	33
All other.....	531	658	629	1,376	323
Total.....	1,644	1,997	3,037	3,414	2,693
GSP Total 1/..	817	977	1,264	1,943	1,784
GSP+4 1/.....	817	983	1,266	1,953	1,789
Percent					
Netherlands Ant..	.0	.0	.0	16.3	33.9
Canada.....	14.2	6.9	5.2	3.4	10.8
Cayman Is.....	.1	.1	.0	.4	8.2
Sweden.....	4.0	.7	.9	1.3	4.6
Netherlands.....	13.0	14.1	35.0	12.2	4.5
Belgium.....	4.1	1.0	1.1	4.1	4.2
Chile.....	1.0	2.3	4.7	2.2	4.1
Aruba.....	15.0	19.6	12.9	1.5	3.5
Br Virgin Is....	.0	.0	.0	2.6	3.1
Japan.....	1.7	8.7	4.9	10.6	2.8
Panama.....	7.3	3.8	4.9	2.6	2.3
Italy.....	.6	.9	.0	.3	1.9
West Germany.....	5.4	7.4	7.7	1.4	1.6
Finland.....	1.2	1.4	1.9	.8	1.5
Suriname.....	.0	.0	.0	.0	1.2
All other.....	32.3	33.0	20.7	40.3	12.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	49.7	48.9	41.6	56.9	66.2
GSP+4 1/.....	49.7	49.2	41.7	57.2	66.4

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Notes.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 2936.28.00

VITAMIN E, IN BULK OR DOSAGE FORM

Vitamin E, in Bulk or Dosage Form¹

I. Introduction

Vitamin E, in bulk or dosage form: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2936.28.00	Vitamin E and its derivatives, in bulk form	7.9%	Yes	[***]
3004.50.30	Vitamin E, in dosage form	7.9%	Yes	[***]

Description and uses.—Vitamin E is a fat-soluble vitamin commercially available in a number of forms, including d- or dl- α -tocopherol, d- or dl- α -tocopheryl acid succinate, and dl- α -tocopheryl acetate. d- α -Tocopherol and dl- α -tocopheryl acetate are considered to be the most significant commercial forms. Vitamin E is believed to act as a biological antioxidant in humans and is said to have a role in normal growth maintenance, intracellular respiration, and muscle metabolism. Vitamin E is also added to animal feed to replace any natural vitamin E that may have been lost while the feed was in storage.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	[***]	[***]	[***]	[***]	[***]	[***]
Employment (1,000 employees).....	(³)	(³)	[***]	[***]	[***]	[***]
Production (million dollars).....	1,109	1,508	[***]	[***]	[***]	[***]
Exports (million dollars).....	17	14	18	21	7	21
Imports (million dollars).....	13	18	19	27	28	24
Consumption (million dollars).....	1,105	1,512	[***]	[***]	[***]	[***]
Import to consumption ratio (percent).....	1	1	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	**75	**75	[***]	[***]	[***]	[***]

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Less than 500.

Comment.—Vitamin E is available commercially as a natural product derived from vegetable oil sources or as a synthetic product. In terms of human consumption, the natural product is primarily used in health food supplements, whereas the synthetic product is mainly consumed by multivitamin manufacturers. The domestic market for vitamin E is said to amount to about 30-50 million pounds annually.² Industry sources estimate that the veterinary market accounts for approximately

¹This digest includes the following HTS subheadings: 2936.28.00 and 3004.50.30.

²"Vitamin E Recent Research Could Boost Consumption," Chemical Marketing Reporter, April 17, 1989, p. 18.

40 percent of domestic consumption. Commercialization of potential therapeutic applications, currently under study could result in increased U.S. consumption of vitamin E in the future.¹

Natural vitamin E is currently priced at about \$25 per pound, or about twice as much as synthetic product.² The difference in price is attributed primarily to the greater potency of the natural product. The price differential, however, is said to be the primary reason that multivitamin producers use the synthetic product instead of switching back to natural product. Domestic manufacturers of synthetic vitamin E that have considered production of the natural product are said to be reluctant to start-up such production because of the high costs associated with producing natural product and because of the current strong demand for synthetic product.³ The three domestic producers of vitamin E in 1988 were BASF Corp., Eastman Kodak, and Hoffmann-LaRoche, Inc.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports Million dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	24	100	-	[***]
Imports from GSP countries: Total.....	(¹)	(²)	100	[***]

¹In 1989, U.S. imports of vitamin E from GSP sources, including Bolivia, Peru, Colombia, and Ecuador, were negligible.

²Less than 0.5 percent.

Comment.—Total U.S. imports of vitamin E in 1989 were valued at \$24.2 million. The major sources of these imports were France (43 percent), Japan (40 percent), and the Netherlands (10 percent). Imports of vitamin E from Colombia and Malaysia, the only GSP suppliers, were valued at \$55,000 and \$2,000, respectively. Imports of bulk vitamin E and its derivatives in 1989 were valued at \$24.2 million compared with \$5,590 for imports of vitamin E in dosage form. The primary suppliers of dosage form vitamin E were Canada (57 percent) and Malaysia (43 percent).

IV. Competitiveness profiles, GSP suppliers⁴

V. Position of interested parties

Petitioner.—According to the Colombian Government Trade Bureau on behalf of the Government of Colombia, vitamin E production is considered to be an important part of the Colombian economy and granting GSP-eligibility to these imports is expected to assist Colombian economic development. The submission also states that eligibility for duty-free treatment will permit Colombian producers and exporters to overcome any competitive disadvantages they are now experiencing. It is stated that the Colombian vitamin E manufacturers cannot compete in the U.S. market without being eligible for GSP. The statement further indicates that if concerns exist about granting GSP eligibility to these imports, "Colombia requests that the President grant this petition only with respect to Colombia and other Andean nations or other GSP beneficiaries determined not to be competitive in the U.S. market."

¹Ibid.

²Ibid.

³Ibid.

⁴In 1989, U.S. imports of vitamin E from GSP sources, including Bolivia, Peru, Colombia, and Ecuador, were negligible; therefore no competitiveness profiles are shown.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
2936.28.00	-	-	-	-	-	7.9%
	412.60 (90%)	10.4	9.2	7.9	7.9	-
	437.84 (50%)	0.5	0.3	Free	Free	-
3004.50.30	-	-	-	-	-	7.9%
	412.60 (10%)	10.4	9.2	7.9	7.9	-

Table I.

Digest Title: Vitamin E, in bulk or dosage form
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	5,078	6,592	10,544	12,450	10,286
Japan.....	6,819	11,019	7,600	10,778	9,711
Netherlands.....	0	1	181	36	2,300
United Kingdom...	0	3	5	2,006	950
West Germany.....	300	238	620	331	356
Denmark.....	206	67	35	7	253
Switzerland.....	50	5	24	1,050	242
Colombia.....	0	32	129	44	55
Monaco.....	0	0	0	4	15
Canada.....	566	6	3	5	12
Malaysia.....	0	0	0	0	2
Mexico.....	0	0	0	0	0
Belize.....	0	0	2	0	0
Venezuela.....	0	0	0	0	0
Peru.....	2	0	0	0	0
All other.....	243	450	79	365	0
Total.....	13,265	18,414	19,223	27,075	24,180
GSP Total 2/..	234	480	203	395	57
GSP+4 2/.....	234	480	203	395	57
Percent					
France.....	38.3	35.8	54.9	46.0	42.5
Japan.....	51.4	59.8	39.5	39.8	40.2
Netherlands.....	.0	1/	.9	.1	9.5
United Kingdom...	.0	1/	1/	7.4	3.9
West Germany.....	2.3	1.3	3.2	1.2	1.5
Denmark.....	1.6	.4	.2	1/	1.0
Switzerland.....	.4	1/	.1	3.9	1.0
Colombia.....	.0	.2	.7	.2	.2
Monaco.....	.0	.0	.0	1/	.1
Canada.....	4.3	1/	1/	1/	1/
Malaysia.....	.0	.0	.0	.0	1/
Mexico.....	.0	.0	.0	.0	.0
Belize.....	.0	.0	1/	.0	.0
Venezuela.....	.0	.0	.0	.0	.0
Peru.....	1/	.0	.0	.0	.0
All other.....	1.8	2.4	.4	1.3	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.8	2.6	1.1	1.5	.2
GSP+4 2/.....	1.8	2.6	1.1	1.5	.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source. Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
29362800Digest Title: Vitamin E, in bulk or dosage form
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	3,859	2,543	3,277	5,879	5,371
Canada.....	3,488	4,489	5,816	5,342	3,729
West Germany.....	3,659	508	1,248	1,217	3,116
Korea.....	1,028	883	1,288	1,990	2,577
Australia.....	1,909	1,830	2,299	1,998	2,099
Ireland.....	946	551	1,203	1,224	1,339
Hong Kong.....	115	70	131	225	822
United Kingdom...	479	312	431	275	790
Netherlands.....	1,299	1,115	1,420	1,725	778
Venezuela.....	152	161	139	153	772
Switzerland.....	866	645	993	1,126	657
France.....	894	676	407	493	630
Denmark.....	287	582	78	204	579
Taiwan.....	60	132	184	208	536
New Zealand.....	99	178	68	1,012	490
All other.....	1,826	1,698	1,735	1,742	4,438
Total.....	20,965	16,373	20,718	24,814	28,724
GSP Total 1/..	1,296	1,030	1,069	1,124	3,100
GSP+4 1/.....	2,543	2,252	2,760	3,633	7,385
Percent					
Japan.....	18.4	15.5	15.8	23.7	18.7
Canada.....	16.6	27.4	28.1	21.5	13.0
West Germany.....	17.5	3.1	6.0	4.9	10.8
Korea.....	4.9	5.4	6.2	8.0	9.0
Australia.....	9.1	11.2	11.1	8.1	7.3
Ireland.....	4.5	3.4	5.8	4.9	4.7
Hong Kong.....	.5	.4	.6	.9	2.9
United Kingdom...	2.3	1.9	2.1	1.1	2.8
Netherlands.....	6.2	6.8	6.9	7.0	2.7
Venezuela.....	.7	1.0	.7	.6	2.7
Switzerland.....	4.1	3.9	4.8	4.5	2.3
France.....	4.3	4.1	2.0	2.0	2.2
Denmark.....	1.4	3.6	.4	.8	2.0
Taiwan.....	.3	.8	.9	.8	1.9
New Zealand.....	.5	1.1	.3	4.1	1.7
All other.....	8.7	10.4	8.4	7.0	15.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	6.2	6.3	5.2	4.5	10.8
GSP+4 1/.....	12.1	13.8	13.3	14.6	25.7

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 3005.10.50

BANDAGES

Bandages¹

I. Introduction

Bandages: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3005.10.50	Adhesive bandages	7%	Yes	****
3005.90.50	Non-adhesive bandages	7%	Yes	****

Description and uses.—Bandages, gauze, pads, and wadding are used to protect wounds and surgical incisions and to absorb seepage of blood and other fluids. Some bandages are self adhesive, others are affixed with separate adhesive tapes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**10	**10	**10	**10	-	**10
Employment (1,000 employees).....	**40	**40	**40	**40	-	**40
Shipments (million dollars).....	**167	**172	**177	**183	**3	**188
Exports (million dollars).....	50	57	57	66	10	91
Imports (million dollars).....	3	2	3	3	-	12
Consumption (million dollars).....	**120	**117	**123	**120	-	**109
Import to consumption ratio (percent).....	**3	**2	**2	**3	-	**11
Capacity utilization (percent).....	**85	**85	**85	**85	-	**85

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

Comment.—The United States produces a considerable variety of bandages and dressings and is a major exporter, with relatively minor imports of certain products. Some U.S. imports are from foreign affiliates of U.S. companies.

¹This digest includes the following HTS subheadings: 3005.10.50 and 3005.90.50.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	11,724	100	-	**11
Imports from GSP countries:				
Total ¹	1,517	13	100	**1
Mexico.....	711	6	47	**1
Israel.....	442 ²	4	29	** ⁽³⁾

¹There were no imports of bandages reported in 1989 from the Andean countries of Colombia, Peru, Bolivia, or Ecuador.

²Although imports of bandages from Israel would be eligible for duty-free entry under the GSP if eligibility for this product is granted, imports of this item during 1989 from Israel entered duty free under the provisions of the United States Free Trade Area Implementation Act of 1985.

³Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes No

Does the country have significant export markets besides the United States?..... Yes No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—GSP countries including Israel, which is eligible for duty-free entry of bandages under the United States-Israel Free Trade Area, are competitive suppliers of these products. No imports of bandages were reported in 1989 from Bolivia, Colombia, Ecuador or Peru.

V. Position of interested parties

Petitioner.—The petitioner, the Government of Peru, stated that increased access to export markets is needed if Peruvian manufacturers are to achieve economies of scale in production in the face of limited domestic consumption.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
3005.10.50	- 386.53 (1%)	- 7%	- 7%	- 7%	- 7%	7% -
3005.90.50	- 386.53 (9%)	- 7%	- 7%	- 7%	- 7%	7% -

Table I.

Digest Title: Bandages
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
China.....	84	142	358	551	3,584
Taiwan.....	679	854	907	1,062	1,652
Japan.....	139	54	54	49	1,061
United Kingdom...	97	101	128	163	1,041
Canada.....	105	132	159	187	731
Mexico.....	206	118	166	198	711
West Germany.....	109	123	102	54	550
Israel.....	2	7	18	18	442
Denmark.....	7	3	2	4	440
Hong Kong.....	83	67	76	80	431
Dominican Rep....	34	23	65	99	149
Norway.....	1	1	1	1/	148
Switzerland.....	47	57	41	27	122
France.....	96	83	47	68	110
Malaysia.....	0	5	2	3	88
All other.....	922	463	546	650	464
Total.....	2,611	2,233	2,673	3,211	11,724
GSP Total 2/..	757	299	436	647	1,537
GSP+4 2/.....	1,823	1,452	1,669	1,990	3,708
Percent					
China.....	3.2	6.4	13.4	17.2	30.6
Taiwan.....	26.0	38.3	33.9	33.1	14.1
Japan.....	5.3	2.4	2.0	1.5	9.1
United Kingdom...	3.7	4.5	4.8	5.1	8.9
Canada.....	4.0	5.9	5.9	5.8	6.2
Mexico.....	7.9	5.3	6.2	6.2	6.1
West Germany.....	4.2	5.5	3.8	1.7	4.7
Israel.....	.1	.3	.7	.5	3.8
Denmark.....	.3	.1	.1	.1	3.8
Hong Kong.....	3.2	3.0	2.9	2.5	3.7
Dominican Rep....	1.3	1.0	2.4	3.1	1.3
Norway.....	1/	1/	1/	1/	1.3
Switzerland.....	1.8	2.6	1.5	.8	1.0
France.....	3.7	3.7	1.8	2.1	.9
Malaysia.....	.0	.2	.1	.1	.8
All other.....	35.3	20.8	20.4	20.2	4.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	29.0	13.4	16.3	20.1	13.1
GSP+4 2/.....	69.8	65.0	62.4	62.0	31.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
30051050Digest Title: Bandages
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Netherlands.....	1,726	1,455	6,730	13,263	18,894
Canada.....	7,445	6,985	6,521	7,761	8,913
Japan.....	3,914	4,542	4,665	5,668	8,507
Mexico.....	920	617	690	1,362	8,039
United Kingdom...	6,064	7,787	6,759	5,846	6,232
West Germany.....	4,446	4,808	3,130	3,467	5,694
Australia.....	2,552	3,209	3,009	3,263	3,966
Andorra.....	0	0	0	2,854	2,668
Switzerland.....	1,126	1,092	989	723	2,511
Italy.....	2,025	2,141	1,886	1,768	2,178
Saudi Arabia.....	1,425	931	716	830	1,735
Taiwan.....	595	585	1,067	1,311	1,464
Sweden.....	1,591	1,520	1,133	789	1,346
Ireland.....	923	990	977	1,263	1,247
Rep So Africa....	287	716	596	915	1,141
All other.....	15,037	19,190	18,206	15,007	16,518
Total.....	50,077	56,568	57,073	66,090	91,051
GSP Total 1/..	7,431	8,731	8,839	10,133	15,733
GSP+4 1/.....	8,703	10,362	11,235	12,989	19,316
Percent					
Netherlands.....	3.4	2.6	11.8	20.1	20.8
Canada.....	14.9	12.3	11.4	11.7	9.8
Japan.....	7.8	8.0	8.2	8.6	9.3
Mexico.....	1.8	1.1	1.2	2.1	8.8
United Kingdom...	12.1	13.8	11.8	8.8	6.8
West Germany.....	8.9	8.5	5.5	5.2	6.3
Australia.....	5.1	5.7	5.3	4.9	4.4
Andorra.....	.0	.0	.0	4.3	2.9
Switzerland.....	2.2	1.9	1.7	1.1	2.8
Italy.....	4.0	3.8	3.3	2.7	2.4
Saudi Arabia.....	2.8	1.6	1.3	1.3	1.9
Taiwan.....	1.2	1.0	1.9	2.0	1.6
Sweden.....	3.2	2.7	2.0	1.2	1.5
Ireland.....	1.8	1.8	1.7	1.9	1.4
Rep So Africa....	.6	1.3	1.0	1.4	1.3
All other.....	30.0	33.9	31.9	22.7	18.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	14.8	15.4	15.5	15.3	17.3
GSP+4 1/.....	17.4	18.3	19.7	19.7	21.2

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 3302.10.20
CERTAIN ODORIFEROUS MIXTURES

Certain Odoriferous Mixtures

I. Introduction

Certain odoriferous mixtures: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Compound rate</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3302.10.20	Odoriferous mixtures containing not over 20 percent alcohol.	6.6¢/kg + 3%	Yes	[***]

Description and uses.—The items included in this digest are mixtures of flavors that are used specifically in the food and drink industries. These materials may include both natural flavors and flavors derived synthetically from chemical intermediates.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number).....	**100	**100	**100	**100	**0	**100
Employment (1,000 employees).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Shipments (million dollars).....	**6,000	**6,100	**6,200	**6,300	**1	**6,500
Exports (million dollars).....	7	8	9	10	13	14
Imports (million dollars).....	4	9	9	6	14	8
Consumption (million dollars).....	**5,998	**6,100	**6,200	**6,296	**1	**6,495
Import to consumption ratio (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	**(⁵)
Capacity utilization (percent).....	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})	(³)

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Not available.

⁴Not meaningful.

⁵Less than 0.5%.

Comment.—There are a great number of producers of the types of mixtures included in this digest, many of whom produce either one or more of the components that are included in these mixtures, or a final product that requires these specific flavor mixtures. The high vertical integration seen in the U.S. industry and market may be considered to be one of its greatest strengths. An additional strength is a high customer loyalty, based to a significant extent on the reluctance of producers in the food and drink industry to change their formulas, thereby risking defections of their loyal customers to competing products. Also, the U.S. industry is considered to be reliable and dependable by its customers.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	8,228	100	-	** ⁽¹⁾
Imports from GSP countries:				
Total ²	2,145	26	100	** ⁽¹⁾
Brazil.....	1,796	22	84	** ⁽¹⁾
Argentina.....	256	3	12	** ⁽¹⁾

¹Less than 0.5 percent.

²No trade reported with the Andean countries (Bolivia, Ecuador, Peru, or Colombia) in 1989.

Comment.—The majority of imports into the United States of items included in this digest enter from Western European nations. The notable exception is Brazil, which is the second largest U.S. supplier. The large value of Brazilian exports derives from the emphasis placed on the development of the Brazilian citrus industry and related industries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No X

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High Moderate X Low

Price level compared with—

 U.S. products..... Above Equivalent X Below

 Other foreign products..... Above Equivalent X Below

Quality compared with—

 U.S. products..... Above Equivalent X Below

 Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Comment.—Imports of the products included in this digest from Brazil have been declining for the past four years. It is unlikely that the level of Brazilian exports to the United States will rise significantly beyond current levels, as the Brazilian industry is currently believed to be producing at maximum output levels and would be unable to easily expand production.

V. Position of interested parties

Petitioner.—The petitioner, the Government of Peru, is seeking GSP eligibility for certain specific products classified in HTS 3302.10.20 that are, in most cases, produced only in Peru. These products, such as lucime and maracuja flavors, are not produced in the United States, according to the petitioner. However, the petitioner did not specifically state their purpose in requesting the addition of the products included in this digest to the list of GSP-eligible items.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Compound rate)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
3302.20.10	-	-	-	-	-	6.6¢/kg + 3%
	450.3000 (50%)	3¢/lb + 3%	3¢/lb + 3%	3¢/lb + 3%	3¢/lb + 3%	-

Table I.

Digest No.
33021020Digest Title: Certain odoriferous mixtures
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	683	1,604	1,904	1,247	2,270
Brazil.....	1,009	3,267	2,234	1,927	1,796
West Germany.....	891	768	728	512	846
Ireland.....	1	25	0	4	609
Netherlands.....	761	754	630	204	494
Belgium.....	0	186	256	115	442
Japan.....	23	55	141	219	422
Canada.....	5	19	97	151	300
Austria.....	170	547	652	396	296
Argentina.....	187	277	352	217	256
United Kingdom...	49	35	71	73	166
Chile.....	41	42	90	36	106
Australia.....	6	184	1,195	412	66
Haiti.....	2	0	2	5	47
Portugal.....	129	741	8	0	22
All other.....	232	155	204	124	90
Total.....	4,189	8,657	8,563	5,641	8,228
GSP Total 2/..	1,306	3,617	2,746	2,234	2,252
GSP+4 2/.....	1,315	3,617	2,746	2,234	2,252
Percent					
France.....	16.3	18.5	22.2	22.1	27.6
Brazil.....	24.1	37.7	26.1	34.2	21.8
West Germany.....	21.3	8.9	8.5	9.1	10.3
Ireland.....	1/	.3	.0	.1	7.4
Netherlands.....	18.2	8.7	7.4	3.6	6.0
Belgium.....	.0	2.1	3.0	2.0	5.4
Japan.....	.5	.6	1.6	3.9	5.1
Canada.....	.1	.2	1.1	2.7	3.6
Austria.....	4.1	6.3	7.6	7.0	3.6
Argentina.....	4.5	3.2	4.1	3.8	3.1
United Kingdom...	1.2	.4	.8	1.3	2.0
Chile.....	1.0	.5	1.1	.6	1.3
Australia.....	.2	2.1	14.0	7.3	.8
Haiti.....	1/	.0	1/	.1	.6
Portugal.....	3.1	8.6	.1	.0	.3
All other.....	5.5	1.8	2.4	2.2	1.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	31.2	41.8	32.1	39.6	27.4
GSP+4 2/.....	31.4	41.8	32.1	39.6	27.4

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain odoriferous mixtures
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	620	718	905	970	4,137
Canada.....	646	693	842	933	1,550
West Germany.....	308	332	410	428	520
Panama.....	81	172	85	155	479
United Kingdom...	316	256	326	521	468
Guatemala.....	137	161	231	226	413
Chile.....	39	95	77	301	362
France.....	236	239	316	334	343
Colombia.....	200	111	172	156	335
China.....	37	26	102	117	321
Philippines.....	497	556	433	528	302
Ireland.....	142	176	232	198	296
Taiwan.....	124	109	163	133	270
Venezuela.....	221	253	381	353	248
Austria.....	20	18	17	16	245
All other.....	2,881	3,650	4,111	4,374	3,267
Total.....	6,506	7,564	8,803	9,743	13,556
GSP Total 1/..	2,253	2,600	2,813	3,501	3,730
GSP+4 1/.....	2,871	2,979	3,387	4,109	4,492
Percent					
Japan.....	9.5	9.5	10.3	10.0	30.5
Canada.....	9.9	9.2	9.6	9.6	11.4
West Germany.....	4.7	4.4	4.7	4.4	3.8
Panama.....	1.2	2.3	1.0	1.6	3.5
United Kingdom...	4.9	3.4	3.7	5.3	3.5
Guatemala.....	2.1	2.1	2.6	2.3	3.0
Chile.....	.6	1.3	.9	3.1	2.7
France.....	3.6	3.2	3.6	3.4	2.5
Colombia.....	3.1	1.5	2.0	1.6	2.5
China.....	.6	.3	1.2	1.2	2.4
Philippines.....	7.6	7.3	4.9	5.4	2.2
Ireland.....	2.2	2.3	2.6	2.0	2.2
Taiwan.....	1.9	1.4	1.8	1.4	2.0
Venezuela.....	3.4	3.4	4.3	3.6	1.8
Austria.....	.3	.2	.2	.2	1.8
All other.....	44.3	48.3	46.7	44.9	24.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	34.6	34.4	32.0	35.9	27.5
GSP+4 1/.....	44.1	39.4	38.5	42.2	33.1

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 3808.20.20

SELECTED FUNGICIDES

Selected Fungicides

I. Introduction

Selected fungicides: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3808.20.20	Fungicides containing thioamide, thiocarbonate, etc. and packaged for retail sale.	3.7%	Yes	[***]

Description and uses.—Fungicides are chemical agents that control fungi and other parasites on agricultural and horticultural products. The major markets for these products are flowers, fruits, and vegetables. The major field crops are peanuts and wheat. The products covered in this digest are an important segment of the fungicide industry, accounting for some 20 percent of U.S. sales. The products covered in this digest are further delineated in that they refer to products packaged for retail sale. Imports of the products covered in this digest entering the United States as bulk 'active ingredients' are currently eligible for duty-free entry under the GSP.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	[***]	[***]	[***]	[***]	[***]	[***]
Employment (1,000 employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (million dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (million dollars).....	(3)	(3)	(3)	(3)	(3)	30
Imports (million dollars).....	(3)	(3)	(3)	(3)	(3)	20
Consumption (million dollars).....	(3)	(3)	(3)	(3)	(3)	[***]
Import to consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	[***]
Capacity utilization (percent).....	85	85	85	85	-	85

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Not available.

Comment.—Manufacturing the products in this digest is a technically sophisticated process requiring both human and physical capital. Although U.S. producers are currently competitive, a number of these products are no longer protected by U.S. patents and the market is opening to generic product suppliers. In addition, many U.S. producers have moved their production facilities overseas. Fungicides are usually sold to distributors who formulate the product to meet regional requirements and then sell the formulations to local dealers. Dealers then sell the product to farmers. Each fungicide is registered with the U.S. Environmental Protection Agency for use on specific crops. For any well known fungicide, the wholesaler selects the supplier based primarily on quality and price.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	19,904	100	-	[***]
Imports from GSP countries:				
Total.....	4,829	25	100	[***]
Colombia.....	4,829	25	100	[***]

¹There were no reported imports from Bolivia, Peru, and Ecuador in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products¹

Ranking as a U.S. import supplier, 1989.....	2		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

¹Colombia is the only GSP supplier. Therefore this competitiveness profile also applies for all GSP suppliers.

Comment.—Colombia is a competitive supplier of products of this digest.

V. Position of interested parties

Petitioner.—The petitioner, the Colombian Government, noted that although fungicide production is an important part of the Colombian economy, granting GSP eligibility will permit Colombian producers and exporters to overcome any competitive disadvantage they now suffer by virtue of the less developed nature of their sector and economy and to increase exports. They stated that increased exports will result in higher production, employment, profits, and reinvestment resources to individual manufacturers and to supplying industries, assisting ultimately in the overall development of the Colombian economy.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
3808.20.20	-	-	-	-	-	3.7%
	430.1000 (1%)	5	5	5	5	-
	430.2040 (1%)	3.7	3.7	3.7	3.7	-

DIGEST NO. 3921.12.19

CELLULAR PVC FILM OR SHEET COMBINED WITH TEXTILES

Cellular PVC Film or Sheet Combined with Textiles¹

I. Introduction

Cellular PVC film or sheet combined with textiles: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3921.12.19	Cellular polyvinyl chloride (PVC) film or sheet combined with textiles in which fibers other than man-made fibers predominate by weight over any other single textile fiber.	5.3%	Yes	[****]

Description and uses.—The products of cellular PVC film or sheet combined with textile material reportedly are used mainly in upholstery for contract office furniture; lesser amounts reportedly are used in upholstery for industrial (i.e., bus) seating, marine seating, home furniture (i.e., lounge chair), and automotive applications (e.g., seat cushions and door panels). The expanded PVC forms the middle layer and is bonded with the fabric and a PVC film outer skin.² The products covered in this digest do not include those products with textile components in which man-made fibers predominate by weight over any other single textile fiber. Most of the cellular PVC is combined with manmade fibers (not covered here) because of their strength, availability, and lower cost. Cotton, covered here, is used when the end-product has to be perforated or dying qualities are important.³

¹Cellular or expanded PVC in film or sheet form account for virtually all the expanded PVC shapes covered in this digest. The terms cellular and expanded are used interchangeably hereinafter.

²Based on information developed during recent telephone conversations between a Commission staff member and an official at Gencorp Polymer Products Group, Fabricated Plastics Division (Toledo, Ohio).

³Ibid.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**12	**12	**11	**10	** -6	**10
Employment (1,000 employees).....	**4	**4	**3	**3	** -9	**3
Shipments (million dollars).....	**40	**38	**36	**34	** -5	**34
Exports (million dollars).....	**8	**7	**10	**14	**21	**5
Imports (million dollars).....	1	1	2	4	59	2
Consumption (million dollars).....	**33	**32	**28	**24	** -10	**31
Import to consumption ratio (percent).....	**3	**3	**7	**17	**78	**6
Capacity utilization (percent).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Not available.

Comment.—Industry sources report that there are about 10 to 12 producers of the products covered here, three of which dominate the market.¹ According to several industry sources, the products covered here represent about 30 to 40 percent of domestic consumption of total cellular PVC combined with textile materials.² The products covered here reportedly are a very small percent of coated fabrics in the U.S. market.³

The overall market for cellular PVC combined with textiles reportedly has declined for several reasons.⁴ First, a change in processing technology to vacuum forming has reduced the automotive market for expanded PVC in automotive seat cushioning and door panels. Second, a reported change in consumer taste for the style of marine seat cushions from the tight tailored look to the pillowed look has had a negative impact on expanded PVC in this market (but the substitute product reportedly results in 25 percent savings in the cost of cushioning for boats).⁵ Finally, the use of expanded vinyl combined with textiles in U.S. footwear uppers declined after 1985 owing to both an increase in imports and a change in consumer preference.

¹Based on information developed during telephone conversations between a Commission staff member and an official at Gencorp Polymer Products Group, Fabricated Plastics Division (Toledo, Ohio).

²Based on information developed during recent telephone conversations between a Commission staff member and officials at the Industrial Fabrics Association International (St. Paul, Minnesota); and, also based on information developed during telephone conversations between a Commission staff member and an official at Gencorp Polymer Products, Fabricated Plastics (Toledo, Ohio).

³The petition on this matter submitted by the Colombian Government Trade Bureau (Washington, DC) to the GSP Subcommittee of the Trade Policy Staff Committee, Executive Office of the President of the United States states that Colombia has not exported the products covered here to the United States. According to the petition, cotton-backed coated fabric represents less than 10 percent of the market. The products covered in this digest, in turn, represent a small percent of cotton-backed coated fabrics.

⁴Based on information developed during telephone conversations between a Commission staff member and officials at the Industrial Fabrics Association International (St. Paul, Minnesota); and, also based on information developed during telephone conversations between a Commission staff member and an official at Gencorp Polymer Products Group, Fabricated Plastics Division (Toledo, Ohio).

⁵Based on information developed during telephone conversations between a Commission staff member and an officials at Gencorp Polymer Products Group, Fabricated Plastics Division (Toledo, Ohio).

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,602	100	-	**6
Imports from GSP countries: Total ¹	0	0	100	**0

¹There were no imports of these products reported in 1989 from the Andean countries (Colombia, Peru, Bolivia, and Ecuador).

Comment.—There were no imports of the subject product in 1989 from GSP countries. The majority of U.S. imports of the expanded PVC products covered here during 1985–89 come from many sources, the most important of which were Canada, Japan, the United Kingdom, Switzerland, Taiwan, West Germany, and Italy. In 1989, Japan, Taiwan, and Switzerland were the leading sources, representing, in the aggregate, 64 percent (\$1.0 million) of the total value (i.e., \$1.6 million) of imports.

IV. Competitiveness profiles, GSP suppliers¹

V. Position of interested parties

Petitioner.—The Colombia Government Trade Bureau (Washington, DC) on behalf of Colombian government agencies which have general responsibility within the Colombia Government for GSP petitions, requests that products covered by this digest be designated eligible under the GSP program. The Colombian Trade Bureau states that the product is manufactured in Colombia by only one company, Proquinal, S.A., located in Bogota. The Colombian Trade Bureau further states that: (1) the U.S. coated fabrics industry (i.e., all coated fabrics) grew from \$1,172 million in 1986 to an estimated \$1,600 million in 1988; (2) cotton-backed coated fabrics (i.e., principal products covered here) are a very small percent of coated fabrics in the U.S. market; (3) the U.S. industry is the main supplier of coated fabric to U.S. end-users, supplying over 85 percent of the market, and is not pressured by imports; and, (4) Colombia needs duty-free treatment or reduced duties to compete with the more sophisticated U.S. and Japanese industries for the cotton-based fabrics market.

The Colombian Trade Bureau also submitted a post-hearing brief on April 26, 1990, in which they restated the above reasons for granting duty-free treatment to Colombia for these products. Imports from Colombia would not be a threat to U.S. producers of these products. These imports would benefit other U.S. producers as the Colombian producer would increase imports of materials from U.S. suppliers.

¹There were no imports from GSP suppliers in 1989, therefore no competitiveness profiles are shown.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
3921.12.19	-	-	-	-	-	5.3%
	355.6510 (5%)	6.4%	5.8%	5.3%	5.3%	-
	355.6530 (45%)	6.4%	5.8%	5.3%	5.3%	-
	355.7000 (5%)	26.9% AVE	30.0% AVE	21.6% AVE	20.5% AVE	-
	355.7500 (1%)	9.1%	8%	6.9%	6.9%	-
	355.8500 (8%)	6.4%	5.8%	5.3%	5.3%	-

Table I.

Digest Title: Cellular PVC film or sheet combined with textiles
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	100	83	59	133	361
Taiwan.....	15	25	38	480	342
Switzerland.....	2	11	2	3	326
Korea.....	27	8	4	148	167
West Germany.....	286	378	656	575	159
Sweden.....	1/	1/	1/	10	66
United Kingdom...	41	85	46	67	52
Canada.....	125	118	155	1,143	49
France.....	14	29	65	108	49
Italy.....	376	434	529	476	27
Hungary.....	3	11	44	80	3
Mexico.....	0	11	18	39	0
El Salvador.....	0	0	0	0	0
Haiti.....	0	2	1/	1/	0
Dominican Rep....	1/	0	0	0	0
All other.....	269	244	284	433	0
Total.....	1,260	1,442	1,901	3,695	1,602
GSP Total 2/..	17	18	41	157	0
GSP+4 2/.....	62	52	85	805	509
Percent					
Japan.....	7.9	5.8	3.1	3.6	22.5
Taiwan.....	1.2	1.8	2.0	13.0	21.4
Switzerland.....	.2	.8	.1	.1	20.4
Korea.....	2.2	.5	.2	4.0	10.4
West Germany.....	22.7	26.2	34.5	15.6	9.9
Sweden.....	1/	1/	1/	.3	4.2
United Kingdom...	3.3	5.9	2.4	1.8	3.3
Canada.....	9.9	8.2	8.2	30.9	3.1
France.....	1.1	2.0	3.4	2.9	3.0
Italy.....	29.8	30.1	27.8	12.9	1.7
Hungary.....	.3	.8	2.3	2.2	.2
Mexico.....	.0	.8	.9	1.1	.0
El Salvador.....	.0	.0	.0	.0	.0
Haiti.....	.0	.1	1/	1/	.0
Dominican Rep....	1/	.0	.0	.0	.0
All other.....	21.4	16.9	15.0	11.7	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.4	1.3	2.2	4.2	.0
GSP+4 2/.....	4.9	3.6	4.5	21.8	31.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Cellular PVC film or sheet combined with textiles
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,424	2,867	3,799	4,447	1,903
Japan.....	976	655	862	1,034	771
West Germany.....	346	390	353	483	754
United Kingdom...	710	766	883	1,110	746
Switzerland.....	77	126	280	293	446
Australia.....	271	314	308	498	289
Hong Kong.....	174	218	365	706	257
Nigeria.....	30	18	40	152	241
Ecuador.....	20	24	22	10	131
Mexico.....	2,033	2,510	3,891	6,651	118
Malaysia.....	49	22	35	16	114
Belgium.....	141	141	137	205	111
Trin & Tobago....	42	105	80	17	86
Jamaica.....	42	29	36	53	83
Singapore.....	107	64	127	177	70
All other.....	1,710	1,690	2,394	3,106	663
Total.....	10,151	9,938	13,613	18,958	6,785
GSP Total 1/..	2,844	3,356	5,003	7,737	785
GSP+4 1/.....	3,311	3,874	5,850	9,316	1,206
Percent					
Canada.....	33.7	28.8	27.9	23.5	28.1
Japan.....	9.6	6.6	6.3	5.5	11.4
West Germany.....	3.4	3.9	2.6	2.5	11.1
United Kingdom...	7.0	7.7	6.5	5.9	11.0
Switzerland.....	.8	1.3	2.1	1.5	6.6
Australia.....	2.7	3.2	2.3	2.6	4.3
Hong Kong.....	1.7	2.2	2.7	3.7	3.8
Nigeria.....	.3	.2	.3	.8	3.6
Ecuador.....	.2	.2	.2	.1	1.9
Mexico.....	20.0	25.3	28.6	35.1	1.7
Malaysia.....	.5	.2	.3	.1	1.7
Belgium.....	1.4	1.4	1.0	1.1	1.6
Trin & Tobago....	.4	1.1	.6	.1	1.3
Jamaica.....	.4	.3	.3	.3	1.2
Singapore.....	1.1	.6	.9	.9	1.0
All other.....	16.8	17.0	17.6	16.4	9.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	28.0	33.8	36.7	40.8	11.6
GSP+4 1/.....	32.6	39.0	43.0	49.1	17.8

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 4412.11.20

HARDWOOD PLYWOOD

Hardwood Plywood¹

I. Introduction

Hardwood plywood: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
4412.11.20	Tropical plywood other than birch	8%	Yes	[***]
4412.11.50	Surface covered tropical plywood	8%	Yes	[***]
4412.12.20	Nontropical plywood other than birch	8%	Yes	[***]
4412.12.50	Surface-covered nontropical plywood	8%	Yes	[***]
4412.29.30	Thick veneered plywood other than birch	8%	Yes	[***]
4412.29.40	Surface-covered thick veneer nt plywood	8%	Yes	[***]
4412.99.50	Softwood overlaid plywood	8%	Yes	[***]

Description and uses.—Included in this digest are all types of hardwood plywood, except those with a face ply of birch that is not surface covered, or those that are not surface covered, with a face ply of spanish cedar or walnut and no outer plies of tropical hardwoods. Also included are softwood plywoods, surface covered, with at least one ply over 6 millimeters in thickness. The hardwood plywoods included are often used for finish or semi-finish applications such as cabinetry or furniture manufacture. The softwood plywoods that are included are used primarily for concrete forming work and other applications where strength and at least one smooth or covered surface are required.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**147	**149	**151	**153	**1	**155
Employment (1,000 employees).....	*12	*11	*12	*12	*0	*12
Shipments (million dollars).....	**552	**560	**638	**648	**5	**678
Exports (million dollars).....	8	12	14	20	36	22
Imports (million dollars).....	349	387	489	440	8	403
Consumption (million dollars).....	**1,020	**1,024	**1,113	**981	**-1	**933
Import to consumption ratio (percent)...	**34	**38	**44	**45	-	**43
Capacity utilization (percent).....	**85	**85	**87	**85	-	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—There are currently **155 producers of hardwood plywood as covered herein. Most such producers manufacture hardwood plywood from domestic veneers, primarily oak, but also maple, gum, and other domestic veneers. Domestic producers also manufacture plywood from imported veneers and plywoods, primarily lauan. Domestic and imported plywoods are usually sold to importers/wholesalers who then sell to retail markets and major industrial users such as furniture companies. This digest

¹This digest includes the following HTS subheadings: 4412.11.20, 4412.11.50, 4412.12.20, 4412.12.50, 4412.29.30, 4412.29.40, and 4412.99.50

also includes softwood plywoods with veneers over 6mm in thickness and overlaid with opaque materials. Such plywoods are primarily domestically manufactured as shipping cost are high. There are only about 10 major manufacturers of such overlaid softwood plywood.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	403,007	100	-	**43
Imports from GSP countries:				
Total ¹	317,502	79	100	**34
Indonesia.....	286,824	71	90	**31
Brazil.....	18,430	5	6	**2
Malaysia.....	4,868	1	2	**1
Ecuador.....	3,097	1	1	** ⁽²⁾

¹Imports from Bolivia, Peru, and Columbia were negligible in 1989.

²Less than 0.5 percent.

Comment.—One-half of all imported hardwood plywood, as included herein, has at least one outer ply of tropical woods. Most such plywood, virtually all of which is from Indonesia, is believed to be manufactured from lauan, and sold in the United States as lauan plywood. Lauan plywood may be consumed as imported for general construction purposes, remanufactured into furniture or other products, or may have a face ply of domestic hardwoods applied for applications requiring such specialty veneers, such as cabinetry. Indonesia, supplying 71 percent of all imports in 1989, was the leading supplier of hardwood plywood imports. The Indonesian industry is highly mechanized, and sells most of its production to Japan; the United States and the EC are secondary markets.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes X No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—With exceptions, imported Indonesian and domestic hardwood plywoods are of comparable quality. Because of their lower cost basis, the imported Indonesian hardwood plywoods often sell at a discount to domestic plywood and Canadian plywood in the U.S. market. Many hardwood plywoods are consumed as intermediate products. The price elasticity of demand for such products is generally high, as there are many competitive suppliers. Specialty plywoods (e.g. those with face plies of walnut, mahogany, pecan, and other premium priced woods) have fewer substitutes than do plywoods made of more commonly available woods such as maple, birch, and lauan.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes X No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—With exceptions, imported Brazilian and domestic hardwood plywoods are of comparable quality. Because of their lower cost basis, the imported Brazilian hardwood plywoods often sell at a discount to comparable domestic plywood and Canadian plywood in the U.S. market. Many hardwood plywoods are consumed as intermediate products. The price elasticity of demand for such products is generally high, as there are many competitive suppliers. Specialty plywoods (e.g. those with face plies of walnut, mahogany, pecan, and other premium priced woods) have fewer substitutes than do plywoods made of more commonly available woods such as maple, birch, and lauan.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Ecuador for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. demand?..... High Moderate Low
 Can production in the country be easily expanded or contracted in
 the short term?..... Yes No
 Does the country have significant export markets besides the
 United States?..... Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes No
 What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Quality compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Comment.—In general, imported Ecuadoran and domestic hardwood plywoods are of comparable quality. Because of its higher delivered cost basis, imported hardwood plywoods from Ecuador sells at a premium to domestic plywood and Canadian plywood in the U.S. market. Most hardwood plywoods imported from Ecuador are specialty plywoods, consumed as intermediate products. The price elasticity of demand for such products is generally high. Specialty plywoods (e.g. those with face plies of walnut, mahogany, pecan, and other premium priced woods) have fewer substitutes than do plywoods made of more commonly available woods such as maple, birch, and lauan.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. demand?..... High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term?..... Yes No
 Does the country have significant export markets besides the
 United States?..... Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes No
 What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Quality compared with—

- U.S. products..... Above Equivalent Below
 Other foreign products..... Above Equivalent Below

Comment.—With exceptions, imported and domestic hardwood plywoods are of comparable quality. Because of their lower cost basis, imported hardwood plywoods from GSP countries often sell at a discount to domestic plywood and Canadian plywood in the U.S. market. Most hardwood plywoods from GSP sources are consumed as intermediate products. The price elasticity of demand for such products is generally high, as there are many competitive suppliers. Specialty plywoods (e.g. those with face plies of walnut, mahogany, pecan, and other premium priced woods) have fewer substitutes than do plywoods made of more commonly available woods such as maple, birch, and lauan.

V. Position of interested parties

Petitioner.—The Government of Ecuador (GOE) has filed the petition on behalf of the four major Ecuadorian plywood producers/exporters, although the petition would benefit all seven Ecuadorian plywood producers. The Asociacion de Industriales de la Madera (AIMA), representing the four major producers, stated that successful exportation of plywood could help Ecuador move from a weak and vulnerable position in the international marketplace to a position of potential increased year-round exports and dollar earnings that could help solve its debt service problems. The increased need for U.S. logging and plywood machinery should increase and trade growth should be symbiotic.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
4412.11.20		-	-	-	-	8
	240.1000 (01%)	11	9.5	8	8	-
	240.1720 (98%)	8	8	8	8	-
	240.1740 (98%)	8	8	8	8	-
	240.1760 (98%)	8	8	8	8	-
	240.1900 (01%)	11	9.5	8	8	-
	240.2320 (50%)	8	8	8	8	-
	240.2340 (50%)	8	8	8	8	-
	240.2360 (30%)	8	8	8	8	-
	245.8000 (61%)	\$0.016/lb + 2.9%	\$0.014/lb + 2.6%	\$0.014/lb + 2.3%	\$0.014/lb + 2.3%	-
4412.11.50		-	-	-	-	-
	240.2520 (01%)	11	9.5	8	8	-
4412.12.20		-	-	-	-	8
	240.1720 (01%)	8	8	8	8	-
	240.1740 (01%)	8	8	8	8	-
	240.1760 (01%)	8	8	8	8	-
	240.2320 (49%)	8	8	8	8	-
	240.2340 (49%)	8	8	8	8	-
	240.2360 (68%)	8	8	8	8	-
	245.8000 (13%)	\$0.016/lb + 2.9%	\$0.014/lb + 2.6%	\$0.014/lb + 2.3%	\$0.014/lb + 2.3%	-
4412.12.50		-	-	-	-	8
	240.2520 (98%)	11	9.5	8	8	-
	245.8000 (02%)	\$0.016/lb + 2.9%	\$0.014/lb + 2.6%	\$0.014/lb + 2.3%	\$0.014/lb + 2.3%	-
4412.29.30		-	-	-	-	8
	240.1000 (01%)	11	9.5	8	8	-
	240.1720 (01%)	8	8	8	8	-
	240.1740 (01%)	8	8	8	8	-
	240.1760 (01%)	8	8	8	8	-
	240.1900 (01%)	11	9.5	8	8	-
	240.2320 (01%)	8	8	8	8	-
	240.2340 (01%)	8	8	8	8	-
	240.2360 (02%)	8	8	8	8	-
	245.8000 (01%)	\$0.016/lb + 2.9%	\$0.014/lb + 2.6%	\$0.014/lb + 2.3%	\$0.014/lb + 2.3%	-
4412.29.40		-	-	-	-	8
	240.2520 (01%)	11	9.5	8	8	-
4412.99.50		-	-	-	-	8
	240.2540 (01%)	11	9.5	8	8	-

Table I.

Digest Title: Hardwood plywood
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Indonesia.....	193,785	245,199	319,277	303,711	286,824
Taiwan.....	79,654	73,876	87,742	72,277	59,865
Brazil.....	11,526	11,648	17,288	18,064	18,430
Canada.....	9,025	9,869	13,795	12,607	14,792
Malaysia.....	413	451	5,014	6,980	4,868
Singapore.....	1,566	2,318	2,825	1,762	3,264
Ecuador.....	1,483	2,261	5,028	3,987	3,097
Philippines.....	22,158	13,602	16,290	8,067	3,022
Japan.....	20,803	13,713	8,962	4,289	2,202
Italy.....	626	1,033	827	718	2,028
West Germany.....	836	918	1,298	1,291	1,137
Korea.....	3,525	5,921	4,650	1,069	731
Hong Kong.....	9	610	108	122	506
India.....	384	264	320	288	504
France.....	223	492	530	209	304
All other.....	3,191	4,813	4,710	4,801	1,433
Total.....	349,207	386,988	488,664	440,242	403,007
GSP Total 2/..	231,588	275,381	364,839	343,597	317,502
GSP+4 2/.....	316,342	358,106	460,164	418,828	381,868
Percent					
Indonesia.....	55.5	63.4	65.3	69.0	71.2
Taiwan.....	22.8	19.1	18.0	16.4	14.9
Brazil.....	3.3	3.0	3.5	4.1	4.6
Canada.....	2.6	2.6	2.8	2.9	3.7
Malaysia.....	.1	.1	1.0	1.6	1.2
Singapore.....	.4	.6	.6	.4	.8
Ecuador.....	.4	.6	1.0	.9	.8
Philippines.....	6.3	3.5	3.3	1.8	.7
Japan.....	6.0	3.5	1.8	1.0	.5
Italy.....	.2	.3	.2	.2	.5
West Germany.....	.2	.2	.3	.3	.3
Korea.....	1.0	1.5	1.0	.2	.2
Hong Kong.....	1/	.2	1/	1/	.1
India.....	.1	.1	.1	.1	.1
France.....	.1	.1	.1	1/	.1
All other.....	.9	1.2	1.0	1.1	.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	66.3	71.2	74.7	78.0	78.8
GSP+4 2/.....	90.6	92.5	94.2	95.1	94.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Hardwood plywood
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	1,602	2,966	2,670	4,060	7,505
Mexico.....	2,076	1,667	2,703	4,003	5,454
Jamaica.....	102	97	165	239	1,383
Bahamas.....	242	301	280	294	1,039
Belgium.....	313	489	811	1,533	800
United Kingdom...	584	1,951	2,746	3,806	582
Japan.....	79	99	349	540	478
Korea.....	5	80	86	86	420
Barbados.....	12	50	39	51	272
Cayman Is.....	157	124	130	41	256
Netherlands Ant..	0	0	0	548	252
Saudi Arabia.....	300	8	19	31	191
Dominican Rep....	42	56	230	156	185
Australia.....	5	13	4	11	176
Antigua.....	0	0	0	179	160
All other.....	2,448	3,639	3,800	3,987	2,682
Total.....	7,967	11,540	14,033	19,564	21,836
GSP Total 2/..	3,716	3,772	4,973	6,689	10,747
GSP+4 2/.....	3,787	4,153	5,190	6,862	11,453
Percent					
Canada.....	20.1	25.7	19.0	20.8	34.4
Mexico.....	26.1	14.4	19.3	20.5	25.0
Jamaica.....	1.3	.8	1.2	1.2	6.3
Bahamas.....	3.0	2.6	2.0	1.5	4.8
Belgium.....	3.9	4.2	5.8	7.8	3.7
United Kingdom...	7.3	16.9	19.6	19.5	2.7
Japan.....	1.0	.9	2.5	2.8	2.2
Korea.....	.1	.7	.6	.4	1.9
Barbados.....	.1	.4	.3	.3	1.2
Cayman Is.....	2.0	1.1	.9	.2	1.2
Netherlands Ant..	.0	.0	.0	2.8	1.2
Saudi Arabia.....	3.8	.1	.1	.2	.9
Dominican Rep....	.5	.5	1.6	.8	.8
Australia.....	.1	.1	1/	.1	.8
Antigua.....	.0	.0	.0	.9	.7
All other.....	30.7	31.5	27.1	20.4	12.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	46.6	32.7	35.4	34.2	49.2
GSP+4 2/.....	47.5	36.0	37.0	35.1	52.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 4421.90.50

FLAT VENEER WARE

Flat Veneer Ware¹

I. Introduction

Flat veneer ware: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
4421.90.50	Toothpicks	4.2%	Yes	[***]
4421.90.60	Flat veneer products	8%	Yes	[***]

Description and uses.—This digest covers toothpicks (HTS subheading 4421.90.50) and flat veneer products (HTS subheading 4421.90.60) such as tongue depressors, ice cream sticks, wooden forks and spoons, cervical scrapers, stirrers, applicators, skewers, and similar small wooden wares. Most of the products included herein are intermediate products.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*6	*6	*6	*6	*0	*6
Employment (1,000 employees).....	*1	*1	*1	*1	*0	*1
Shipments (1,000 dollars).....	51,640	58,371	58,351	52,738	1	54,434
Exports (1,000 dollars).....	1,001	443	572	494	-21	1,540
Imports (1,000 dollars).....	10,527	12,073	12,545	13,953	10	14,320
Consumption (1,000 dollars).....	61,166	70,001	70,324	66,197	3	67,214
Import to consumption ratio (percent).....	17	17	18	21	-	21
Capacity utilization (percent).....	43	44	44	48	-	50

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—There are presently five major producers of wood toothpicks and flat veneer products, collectively referred to herein as flat veneer wares. Two of the five producers, produce both toothpicks and flat veneer products. Only one of the producers does not produce other types of articles. However, although preliminary sawing operations are similar for many of the products produced by these industries, each product line is unique. Each machine is designed for a specific operation on a particular product. Major foreign producers generally have comparable manufacturing capabilities as the U.S. producers.

¹This digest includes the following HTS subheadings: 4421.90.50 and 4421.90.60.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	14,320	100	-	21
Imports from GSP countries:				
Total ¹	1,584	11	100	2
Brazil.....	560	4	61	1
Indonesia.....	184	1	20	(²)
Philippines.....	107	1	12	(²)
Thailand.....	56	(²)	6	(²)

¹There were no imports from Bolivia, Ecuador, Peru, or Colombia in 1989.

²Less than 0.5 percent.

Comment.—Flat veneer products are the primary articles imported, accounting for two-thirds of total imports. Korea and Canada are the leading suppliers of imports, each supplying roughly one-third of total imports. Brazil, the leading GSP supplier, supplied 4 percent of total imports in 1989, down from 8 percent in 1985. Three-fourths of the imports from Brazil are of toothpicks. Such Brazilian toothpick imports accounted for 9 percent of total imports of toothpicks and for *2 percent of U.S. toothpick consumption.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

 U.S. products..... Above X Equivalent ___ Below ___

 Other foreign products..... Above X Equivalent ___ Below ___

Quality compared with—

 U.S. products..... Above ___ Equivalent X Below ___

 Other foreign products..... Above ___ Equivalent X Below ___

Comment.—The leading articles imported from Brazil are wood toothpicks, imports of which accounted for 3 percent of total digest imports in 1989, down from 6 percent in 1985. Imports of wood toothpicks from Brazil accounted for 9 percent of total wood toothpick imports in 1989, down from 13 percent in 1988. The low level of imports of such articles is primarily the result of their relatively high price compared with the domestic articles and with the imported articles from Korea and Canada.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above X Equivalent Below

Other foreign products..... Above X Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—The leading articles imported from GSP countries are wood toothpicks, imports of which accounted for 3 percent of total digest imports in 1989, down from 6 percent in 1985 (imports of wood toothpicks accounted for 48 percent of total digest GSP imports). Imports of the various flat veneer products from GSP countries accounted for 3 percent of total digest products in 1989 (numerous undelineated products are included as flat veneer products). Imports of flat veneer products accounted for 52 percent of total digest GSP imports. The low level of imports of such articles from GSP countries is primarily the result of their relatively high price compared with the domestic articles and with the imported articles from Korea and Canada, and to a lesser extent, from China.

V. Position of interested parties

Petitioner.—The Government of Colombia, the petitioner, filed the petition on behalf of 5 Colombian companies that manufacture articles made out of wood such as those covered herein. The Government of Colombia stated that, other than Colombia, the major GSP beneficiaries that would benefit from the designation of this product are Brazil and Mexico. Colombia believes that concerns about the impact that GSP imports from these countries would have on the domestic industry should not prevent GSP designation of these articles. The Government also stated that the manufacture of wood products like those covered in this digest is an important part of the Colombian economy, and yet, in the face of U.S. tariff and transportation expenses, Colombia has been unable to export to the United States.

Opposition.—Five of the six known domestic producers of toothpicks and flat veneer products (Forster Manufacturing, Diamond Brands, Strong Wood Products, Hardwood Products Company, and Solon) oppose the granting of GSP status for articles imported under HTS subheadings 4421.90.50 and 4421.90.60. The domestic industry argues that the current tariff levels represent no significant obstacle to imports. However, the industry believes that the current tariffs represent the margin of survival for the industry. The domestic producers argue that should their mills be forced to close, the impact on their local economies would be devastating. The mills are located in communities with older work forces and relatively high unemployment rates. The domestic producers also believe that the tariff reduction would not be passed along to the final consumer, but would be absorbed by the importers and retailers. The chain store operators and independent retailers set their prices to consumers on the domestic price, not on the overall lower imported price.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA/HTS col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
4421.90.50	206.8500 (100%)	- 4.8	- 4.5	- 4.2	- 4.2	4.2 -
4421.90.60	206.8700 (100%)	- 8	- 8	- 8	- 8	8 -

Table I.

Digest Title: Flat veneer ware
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Korea.....	3,398	3,961	4,135	4,782	4,782
Canada.....	2,442	2,785	3,326	3,628	4,288
China.....	329	326	598	848	1,498
Japan.....	1,949	1,776	1,268	1,260	889
Taiwan.....	236	541	533	428	802
Chile.....	553	443	754	1,060	658
Brazil.....	882	767	565	941	560
Hong Kong.....	79	397	426	367	384
Indonesia.....	8	0	0	31	184
Philippines.....	108	81	105	94	107
Thailand.....	8	0	24	11	56
Singapore.....	4	0	0	0	38
Switzerland.....	0	20	6	15	20
United Kingdom...	7	164	100	0	9
Argentina.....	0	0	2	0	9
All other.....	521	812	703	488	36
Total.....	10,527	12,073	12,545	13,953	14,320
GSP Total 2/..	1,882	2,032	2,070	2,602	1,584
GSP+4 2/.....	5,601	6,931	7,164	8,178	7,590
Percent					
Korea.....	32.3	32.8	33.0	34.3	33.4
Canada.....	23.2	23.1	26.5	26.0	29.9
China.....	3.1	2.7	4.8	6.1	10.5
Japan.....	18.5	14.7	10.1	9.0	6.2
Taiwan.....	2.2	4.5	4.3	3.1	5.6
Chile.....	5.3	3.7	6.0	7.6	4.6
Brazil.....	8.4	6.4	4.5	6.7	3.9
Hong Kong.....	.8	3.3	3.4	2.6	2.7
Indonesia.....	.1	.0	.0	.2	1.3
Philippines.....	1.0	.7	.8	.7	.7
Thailand.....	.1	.0	.2	.1	.4
Singapore.....	1/	.0	.0	.0	.3
Switzerland.....	.0	.2	1/	.1	.1
United Kingdom...	.1	1.4	.8	.0	.1
Argentina.....	.0	.0	1/	.0	.1
All other.....	5.0	6.7	5.6	3.5	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	17.9	16.8	16.5	18.6	11.1
GSP+4 2/.....	53.2	57.4	57.1	58.6	53.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Flat veneer ware
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	467	227	155	105	740
Japan.....	3	26	140	81	186
France.....	2	3	2	3	112
Jamaica.....	24	15	16	9	69
United Kingdom...	44	8	19	36	45
Saudi Arabia.....	55	3	4	44	39
Sweden.....	65	37	32	42	30
United Arab Em...	0	0	13	0	29
Mexico.....	100	7	30	10	27
Rep So Africa....	0	0	0	0	26
Taiwan.....	0	2	2	2	23
Kuwait.....	0	0	0	0	22
Singapore.....	4	1	5	0	17
Netherlands Ant..	0	0	0	4	16
Switzerland.....	0	1	0	0	15
All other.....	239	113	155	158	145
Total.....	1,001	443	572	494	1,540
GSP Total 1/..	219	112	152	88	199
GSP+4 1/.....	228	121	174	114	257
Percent					
Canada.....	46.7	51.2	27.0	21.3	48.0
Japan.....	.3	5.8	24.4	16.3	12.0
France.....	.2	.7	.4	.7	7.3
Jamaica.....	2.4	3.5	2.7	1.8	4.5
United Kingdom...	4.4	1.7	3.4	7.3	2.9
Saudi Arabia.....	5.5	.7	.7	9.0	2.6
Sweden.....	6.5	8.5	5.6	8.6	2.0
United Arab Em...	.0	.0	2.3	.0	1.9
Mexico.....	9.9	1.6	5.2	2.0	1.8
Rep So Africa....	.0	.0	.0	.0	1.7
Taiwan.....	.0	.4	.3	.5	1.5
Kuwait.....	.0	.0	.0	.0	1.4
Singapore.....	.4	.2	.8	.0	1.1
Netherlands Ant..	.0	.0	.0	.7	1.0
Switzerland.....	.0	.2	.0	.0	1.0
All other.....	23.8	25.5	27.1	31.9	9.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	21.9	25.2	26.6	17.9	12.9
GSP+4 1/.....	22.8	27.3	30.4	23.1	16.7

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 5702.99.20
CERTAIN WOVEN FLOOR COVERINGS

Certain Woven Floor Coverings

I. Introduction

Certain woven floor coverings: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
5702.99.20	Certain woven floor coverings	5.3%	Yes	[***]

Description and uses.—The floor coverings covered by this digest are woven (not of pile construction) and are of fibers other than of wool or fine animal hair, man-made fibers, and cotton. These floor coverings are made of vegetable fibers other than coir. The primary fibers used are sisal and henequen, and to a lesser extent, jute. A large part of these products are believed to be relatively expensive sisal floor coverings with a latex backing applied which enables the carpet to be stretched and tacked to the floor. These products are primarily used by interior designers in both commercial and residential designs.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(3)	(3)	(3)	(3)	-	(3)
Employment (1,000 employees).....	(3)	(3)	(3)	(3)	-	(3)
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	-	(3)
Exports (1,000 dollars).....	(3)	(3)	(3)	(3)	-	(3)
Imports (1,000 dollars).....	1,742	1,797	1,382	1,665	-1	1,728
Consumption (1,000 dollars).....	(4)	(4)	(4)	(4)	-	(4)
Import to consumption ratio (percent).....	(4)	(4)	(4)	(4)	-	(4)
Capacity utilization (percent).....	(3)	(3)	(3)	(3)	-	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available; see comment below.

⁴Although data are not available on U.S. consumption, it is believed that consumption is supplied almost entirely by imports.

Comment.—The U.S. carpet industry, having pioneered the tufting process, produces tufted floor coverings almost exclusively. A few mills make small quantities of woven carpet, mostly machine-woven imitation oriental floor coverings of wool or manmade fibers. The segment of the domestic industry making woven carpet comprises a relatively small number of mills that account for less than 4 percent of production. Commercial production of woven floor coverings of vegetable fibers, such as those covered by this digest, in the United States is believed to be negligible.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,728	100	-	(¹)
Imports from GSP countries:				
Total ²	1,266	73	100	(¹)
Mexico.....	816	47	64	(¹)
Brazil.....	237	14	19	(¹)
Turkey.....	126	7	10	(¹)
India.....	71	4	6	(¹)

¹Data are not available; however, it is believed that consumption is supplied almost entirely by imports.

²Imports from the Andean countries (Peru, Bolivia, Ecuador, and Colombia) were negligible in 1989.

Comment.—Brazil and Mexico are the largest suppliers of sisal floor coverings to the United States and are among the world's leading producers of sisal fiber. Mexico is also a large supplier of henequen floor coverings and a major producer of this fiber.

IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

¹ There is believed to be little U.S. production of the digest products.

IV. Competitiveness profiles, GSP suppliers¹—Continued

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Bolivia (Ministry of Industry, Commerce and Tourism) submitted the petition covering certain woven floor coverings. They state that the granting of GSP status to these products would be advantageous for Bolivia because of the use of Bolivian manual labor.

¹ There is believed to be little U.S. production of the digest products.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
5702.99.20		-	-	-	-	5.3
	361.5300 (40%)	5.5	5.1	4.7	4.7	-
	361.5426 (30%)	7.7	7.7	7.7	7.7	-
	361.5660 (50%)	6.4	-	-	-	-
	361.7060 (50%)	6.4	5.8	5.3	-	-

Table I.

Digest Title: Certain woven floor coverings
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	527	333	231	428	816
Brazil.....	70	74	68	139	237
West Germany.....	167	103	113	146	139
Turkey.....	34	6	2	16	126
India.....	79	107	175	148	71
China.....	105	116	57	135	70
Belgium.....	331	215	328	266	50
Hong Kong.....	14	13	10	11	48
France.....	38	51	18	9	42
United Kingdom...	49	54	42	59	39
Portugal.....	9	5	7	14	28
Taiwan.....	6	16	1/	1/	21
Pakistan.....	1/	0	1/	4	16
Canada.....	84	175	63	93	15
Austria.....	48	1	6	4	4
All other.....	179	527	260	193	7
Total.....	1,742	1,797	1,382	1,665	1,728
GSP Total 2/..	721	600	484	737	1,266
GSP+4 2/.....	744	663	495	771	1,335
Percent					
Mexico.....	30.2	18.5	16.7	25.7	47.2
Brazil.....	4.0	4.1	4.9	8.3	13.7
West Germany.....	9.6	5.7	8.2	8.8	8.0
Turkey.....	2.0	.4	.1	.9	7.3
India.....	4.5	6.0	12.6	8.9	4.1
China.....	6.1	6.4	4.1	8.1	4.0
Belgium.....	19.0	12.0	23.7	16.0	2.9
Hong Kong.....	.8	.7	.7	.7	2.8
France.....	2.2	2.9	1.3	.5	2.4
United Kingdom...	2.8	3.0	3.0	3.5	2.2
Portugal.....	.5	.3	.5	.8	1.5
Taiwan.....	.3	.9	1/	1/	1.2
Pakistan.....	1/	.0	1/	.2	.9
Canada.....	4.8	9.7	4.5	5.6	.9
Austria.....	2.8	.1	.5	.2	.2
All other.....	10.3	29.3	18.8	11.6	.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	41.4	33.4	35.0	44.3	73.2
GSP+4 2/.....	42.7	36.9	35.8	46.3	77.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 5903.10.10

CERTAIN COATED OR LAMINATED, COTTON FABRICS

Certain Coated or Laminated, Cotton Fabrics¹

I. Introduction

Certain coated or laminated, cotton fabrics: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
5903.10.10	Cotton fabric impregnated, coated, covered, or laminated with polyvinyl chloride	5.3%	Yes	[***]
5903.90.10	Cotton fabric impregnated, coated, covered, or laminated with plastics other than polyvinyl chloride and polyurethane	5.3%	Yes	[***]

Description and uses.—This digest covers cotton fabrics (woven, nonwoven, and knitted) that are either impregnated, covered, coated, or laminated with plastics (including plastifiers, pigments, solvents, etc.), such as polyvinyl chloride, pyroxylin, and polyamides. In coating, the surface of the cotton base fabric or substrate is covered or impregnated with the plastics, whereas in laminating, the surface of the cotton fabric is affixed to either or both sides of another fabric or backing, using an adhesive or heat. The cotton base fabric usually provides strength and stability, while the plastics provide water proofing or resistance, fire resistance, chemical resistance, abrasion and puncture resistance, and bulk. The coating or covering also incorporates certain aesthetic characteristics of appearance, feel, design, pattern, and color. These fabrics are processed into various styles of artificial or imitation leather which are used mostly for upholstery in automobiles, buses, and boats. Other articles made from these products include sports equipment (i.e., golf bags, tennis racket covers, softball bases, etc.), luggage, handbags and accessories, furniture, bookcloth and bindings, and shoe uppers.

¹This digest includes the following HTS subheadings: 5903.10.10 and 5903.90.10.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²		1989
Producers (number).....	(³)		(³)	(^{3})	(^{3})	(^{3})		(^{3})
Employment (1,000 employees).....	(³)		(³)	(^{3})	(^{3})	(^{3})		(^{3})
Shipments (1,000 dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)		(³)
Exports (1,000 dollars).....	12,692	13,124	11,599	16,036	8		12,470
Imports (1,000 dollars).....	3,955	4,652	6,039	6,275	17		13,482
Consumption (1,000 dollars).....	(³)		(³)	(^{3})	(^{3})	(^{3})		(^{3})
Import to consumption ratio (percent).....	(³)		(³)	(^{3})	(^{3})	(^{3})		(^{3})
Capacity utilization (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)		(³)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—The manufacture of these products is heavily capital intensive, requiring highly technical equipment and employees properly trained in the coating and laminating procedures. Although price is a major consideration, uniformity of quality is important, since most of the output is destined for automotive, marine, and recreational uses. The upholstery in an automobile, for example, helps influence the consumers initial impression. Most of these digest articles are sold directly by the producer or converter to the manufacturers of the finished consumer good or other converters. However, there are some vertically integrated manufacturers that produce the coated or laminated fabrics in addition to the end-use product. Virtually all manufacturers purchase their cotton base fabrics and usually their coating materials and chemicals from outside sources.

Usually coated and laminated fabric sales by domestic manufacturers are obtained through established channels without special merchandising efforts and with little advertising on the part of the finisher, except through brochures and trade publications. The automotive industry will often have its engineers work directly with the coated or laminated fabric manufacturer to ensure exact specifications and properties. However, most of the imported products covered in this digest for automotive use are for replacement and individual customizing purposes rather than for original equipment purposes. Imports of these products are believed to be small in comparison to domestic production and to account for a small share of U.S. consumption.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	13,482	100	-	(¹)
Imports from GSP countries:				
Total ²	438	3	100	(¹)
Mexico.....	278	2	64	(¹)
Brazil.....	152	1	35	(¹)

¹Not available.

²There were no imports from these Andean Countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

Comment.—U.S. imports of digest products were valued at \$13.5 million in 1989. Twenty-five countries provided these products, with West Germany (\$3.8 million), Italy (\$3.3 million), France (\$1.7 million), Canada (\$1.3 million), and Spain (\$1 million) accounting for the majority (83 percent) of total imports. Imports from GSP countries totaled \$438,000 or 3 percent of total imports. Virtually all of these imports were supplied by Mexico and Brazil. Although there were no imports of these products from Colombia in 1989, a negligible amount (\$3,000) was imported from that country in 1985.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___
 What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___
 Can production in the country be easily expanded or contracted
 in the short term?..... Yes X No ___
 Does the country have significant export markets besides the
 United States?..... Yes ___ No X
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes ___ No X
 What is the price elasticity of import supply?..... High X Moderate ___ Low ___
 Price level compared with—
 U.S. products..... Above ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___
 Quality compared with—
 U.S. products..... Above ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___
 What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___
 Can production in the country be easily expanded or contracted in
 the short term?..... Yes X No ___
 Does the country have significant export markets besides the
 United States?..... Yes ___ No X
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes ___ No X
 What is the price elasticity of import supply?..... High X Moderate ___ Low ___
 Price level compared with—
 U.S. products..... Above ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___
 Quality compared with—
 U.S. products..... Above ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—According to the Government of Colombia (GOC), designation of GSP treatment to certain coated and laminated, cotton fabrics would not have a significant effect on the U.S. industry. The GOC stated that GSP treatment would greatly assist the Colombian coated fabric industry further stimulating overall economic growth and stability.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)						
HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
5903.10.10	355.6510 (20%)	-	-	-	-	5.3%
		6.4%	5.8%	5.3%	5.3%	-
5903.90.10	355.6510 (1%)	-	-	-	-	5.3%
		6.4%	5.8%	5.3%	5.3%	-

Table I.

Digest Title: Certain coated or laminated, cotton fabrics
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	873	1,071	1,645	1,568	3,826
Italy.....	1,448	1,742	2,149	1,589	3,265
France.....	58	117	157	424	1,698
Canada.....	497	474	639	591	1,318
Spain.....	483	351	467	570	1,021
Taiwan.....	27	88	111	340	488
Hungary.....	13	34	185	336	363
Mexico.....	0	47	74	133	278
Norway.....	0	9	51	42	264
Sweden.....	1	1	1/	38	179
United Kingdom...	103	99	77	79	152
Brazil.....	46	19	56	35	152
Switzerland.....	10	48	10	11	126
Netherlands.....	65	53	71	111	91
Portugal.....	0	2	1/	6	72
All other.....	330	495	347	401	188
Total.....	3,955	4,652	6,039	6,275	13,482
GSP Total 2/..	50	75	143	169	438
GSP+4 2/.....	85	196	279	622	1,037
Percent					
West Germany.....	22.1	23.0	27.2	25.0	28.4
Italy.....	36.6	37.5	35.6	25.3	24.2
France.....	1.5	2.5	2.6	6.8	12.6
Canada.....	12.6	10.2	10.6	9.4	9.8
Spain.....	12.2	7.5	7.7	9.1	7.6
Taiwan.....	.7	1.9	1.8	5.4	3.6
Hungary.....	.3	.7	3.1	5.4	2.7
Mexico.....	.0	1.0	1.2	2.1	2.1
Norway.....	.0	.2	.9	.7	2.0
Sweden.....	1/	1/	1/	.6	1.3
United Kingdom...	2.6	2.1	1.3	1.3	1.1
Brazil.....	1.2	.4	.9	.6	1.1
Switzerland.....	.2	1.0	.2	.2	.9
Netherlands.....	1.6	1.1	1.2	1.8	.7
Portugal.....	.0	.1	1/	.1	.5
All other.....	8.4	10.6	5.7	6.4	1.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.3	1.6	2.4	2.7	3.3
GSP+4 2/.....	2.2	4.2	4.6	9.9	7.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain coated or laminated, cotton fabrics
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Dominican Rep....	86	143	135	160	4,483
Canada.....	5,303	3,778	4,466	2,859	1,979
Denmark.....	81	272	31	76	731
Ireland.....	11	42	5	138	517
Japan.....	318	537	485	701	473
Mexico.....	662	377	761	5,176	421
Italy.....	657	729	207	622	362
Australia.....	663	1,111	685	505	351
West Germany.....	273	199	110	202	346
Singapore.....	108	223	399	554	334
United Kingdom...	1,220	756	766	1,180	261
France.....	660	567	189	815	209
Costa Rica.....	62	90	61	63	194
Guatemala.....	129	418	88	185	147
El Salvador.....	100	71	90	116	129
All other.....	2,360	3,811	3,120	2,684	1,533
Total.....	12,692	13,124	11,599	16,036	12,470
GSP Total 2/..	2,366	2,245	2,013	6,575	6,147
GSP+4 2/.....	3,030	4,461	4,100	7,921	6,671
Percent					
Dominican Rep....	.7	1.1	1.2	1.0	35.9
Canada.....	41.8	28.8	38.5	17.8	15.9
Denmark.....	.6	2.1	.3	.5	5.9
Ireland.....	.1	.3	1/	.9	4.1
Japan.....	2.5	4.1	4.2	4.4	3.8
Mexico.....	5.2	2.9	6.6	32.3	3.4
Italy.....	5.2	5.6	1.8	3.9	2.9
Australia.....	5.2	8.5	5.9	3.1	2.8
West Germany.....	2.2	1.5	1.0	1.3	2.8
Singapore.....	.9	1.7	3.4	3.5	2.7
United Kingdom...	9.6	5.8	6.6	7.4	2.1
France.....	5.2	4.3	1.6	5.1	1.7
Costa Rica.....	.5	.7	.5	.4	1.6
Guatemala.....	1.0	3.2	.8	1.2	1.2
El Salvador.....	.8	.5	.8	.7	1.0
All other.....	18.6	29.0	26.9	16.7	12.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.6	17.1	17.4	41.0	49.3
GSP+4 2/.....	23.9	34.0	35.4	49.4	53.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 6406.10.7530

CERTAIN FOOTWEAR UPPERS

Certain Footwear Uppers¹

I. Introduction

Certain footwear uppers: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
6406.10.7530	Unformed cotton shoe uppers	11.2%	Yes	***]
6406.10.8015	Unformed textile shoe uppers, other than cotton	9%	Yes	***]

Description and uses.—This digest covers unformed uppers, of which less than 50 percent of the external surface area is textile materials that have not been shaped by lasting or molding. Uppers are assemblies of the various pieces and reinforcements that are used to cover and to support the top of the foot in the finished shoe. The upper is the highest cost component of a finished shoe and contains most of its fashion and quality attributes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(3)	(3)	(3)	(3)	(3)	(3)
Employment (1,000 employees).....	(3)	(3)	(3)	(3)	(3)	(3)
Shipments (million dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Exports (million dollars).....	16	17	20	25	16	28
Imports (million dollars).....	26	31	35	46	21	30
Consumption (million dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Import to consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	(3)
Capacity utilization (percent).....	(3)	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—Although data are not available on U.S. producers, employment, and shipments, a reasonably good indication of domestic manufacturing trends pertaining to textile shoe uppers can be obtained by an analysis of finished footwear with textile, or fabric, uppers. It is estimated that 15 to 20 percent of U.S.-produced fabric-upper footwear is made with imported textile uppers.

U.S. production of fabric-upper footwear declined in the early 1980s, before recovering in 1987 and thereafter, increasing annually. Preliminary data indicate that U.S. production of footwear with fabric uppers totaled an estimated 125 million pairs in 1989, representing an increase of over 40 percent since 1985. The increase reflected a renewed popularity in lightweight canvas athletic and casual shoes, which are significantly less expensive than leather athletic footwear such as

¹This digest includes the following HTS subheadings: 6406.10.75, 6406.10.80.

joggers. The major part of the U.S. market for fabric-upper footwear was captured by imports, which accounted for an estimated 75 percent of total sales in 1989.

Labor costs play a key role in determining the competitive advantage of world producers. Hourly compensation costs for production workers in the U.S. footwear industry are substantially higher than those in the major supplying countries. The significant differences in labor costs have forced most U.S. producers of fabric-upper shoes to import footwear and/or footwear parts to remain competitive in the market. In addition, the U.S. industry relies in many cases on nonprice factors such as improved quality and service, marketing, and state of the art technology to maintain their competitive position in the market.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	30,436	100	-	(¹)
Imports from GSP countries:				
Total ²	19,645	65	100	(¹)
Dominican Republic.....	14,922	49	76	(¹)
Mexico.....	3,512	12	18	(¹)
El Salvador.....	818	3	4	(¹)
Thailand.....	219	1	1	(¹)

¹Not available.

²Imports from the Andean countries (Colombia, Ecuador, Bolivia, and Peru) are negligible.

Comment.—During 1985–89, the majority of imported unformed textile uppers came from GSP countries. Imports from these countries increased at an annual rate of 12 percent during the period.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—GSP countries supply the bulk of imported unformed textile uppers, which are comparable in quality, but lower in cost, compared with those produced in the United States. Nevertheless, the majority of textile shoe components consumed domestically are manufactured by U.S. footwear producers for captive use, which enables the firms to maintain greater control over production schedules and product quality and provide better customer service.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau on behalf of INCOMEX (Instituto Colombiano de Comercio Exterior) and PROEXPO (Fondo de Promocion de Exportaciones, Banco de la Republic), requests that certain parts of footwear (textile shoe uppers) imported from Colombia be designated eligible for GSP. According to the petitioner, production of footwear and components of footwear is an important part of the Colombian economy. They maintain that the high rates of duty and transportation expenses have kept Colombian exports of the footwear components to the United States negligible. The petitioner stated that granting GSP benefits would permit Colombian producers and exporters to overcome competitive disadvantages they now suffer, because of the less developed nature of their sector and economy, and to increase their exports to the United States.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
6406.10.75	-	-	-	-	-	11.2%
	346.5010 (100%)	9.3%	8.2%	7%	7%	-
6406.10.80	-	-	-	-	-	9%
	386.0700 (100%)	15%	12.5%	12.5%	10%	-
	389.6240 (100%)	8¢/lb. + 11%	4¢/lb. + 10%	9%	9%	-
	774.5030 (20%)	6.5%	6.1%	5.7%	5.3%	-

Table I.

Digest Title: Certain footwear uppers
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Dominican Rep....	13,609	15,756	16,202	22,384	14,922
Taiwan.....	8,600	11,795	9,447	12,092	4,649
China.....	168	173	518	3,340	4,181
Mexico.....	422	1,361	4,179	3,817	3,512
Canada.....	270	291	48	364	1,122
El Salvador.....	3	19	1,078	1,131	818
Korea.....	2,268	1,334	2,587	1,918	467
West Germany.....	7	9	13	10	309
Thailand.....	0	16	50	502	219
Honduras.....	0	0	0	0	56
Colombia.....	0	3	0	0	54
Italy.....	25	52	56	12	45
Brazil.....	1	1	4	5	41
Haiti.....	11	58	0	0	23
Japan.....	1	3	1/	1	9
All other.....	507	603	503	319	9
Total.....	25,891	31,474	34,685	45,894	30,436
GSP Total 2/..	14,106	17,229	21,585	27,984	19,645
GSP+4 2/.....	25,384	30,728	34,001	42,025	24,760
Percent					
Dominican Rep....	52.6	50.1	46.7	48.8	49.0
Taiwan.....	33.2	37.5	27.2	26.3	15.3
China.....	.6	.5	1.5	7.3	13.7
Mexico.....	1.6	4.3	12.0	8.3	11.5
Canada.....	1.0	.9	.1	.8	3.7
El Salvador.....	1/	.1	3.1	2.5	2.7
Korea.....	8.8	4.2	7.5	4.2	1.5
West Germany.....	1/	1/	1/	1/	1.0
Thailand.....	.0	1/	.1	1.1	.7
Honduras.....	.0	.0	.0	.0	.2
Colombia.....	.0	1/	.0	.0	.2
Italy.....	.1	.2	.2	1/	.1
Brazil.....	1/	1/	1/	1/	.1
Haiti.....	1/	.2	.0	.0	.1
Japan.....	1/	1/	1/	1/	1/
All other.....	2.0	1.9	1.5	.7	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	54.5	54.7	62.2	61.0	64.5
GSP+4 2/.....	98.0	97.6	98.0	91.6	81.4

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain footwear uppers
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	4,733	4,859	4,599	4,952	14,159
Dominican Rep....	3,131	4,320	6,879	10,108	8,654
Haiti.....	3,069	1,848	1,123	403	1,943
Taiwan.....	285	274	565	767	619
El Salvador.....	258	121	202	796	526
Korea.....	418	634	1,045	1,325	469
United Kingdom...	71	61	66	141	453
Brazil.....	112	81	461	956	321
Guatemala.....	84	91	89	145	319
Japan.....	368	390	489	527	222
Hong Kong.....	77	269	294	364	108
Australia.....	59	73	83	104	84
Portugal.....	12	27	30	23	81
Turkey.....	6	1	1	1/	70
India.....	230	450	444	381	68
All other.....	2,751	3,120	3,199	3,585	375
Total.....	15,665	16,620	19,569	24,579	28,472
GSP Total 2/..	12,586	12,793	14,917	19,133	26,219
GSP+4 2/.....	13,651	13,979	16,873	21,641	27,416
Percent					
Mexico.....	30.2	29.2	23.5	20.1	49.7
Dominican Rep....	20.0	26.0	35.2	41.1	30.4
Haiti.....	19.6	11.1	5.7	1.6	6.8
Taiwan.....	1.8	1.7	2.9	3.1	2.2
El Salvador.....	1.6	.7	1.0	3.2	1.8
Korea.....	2.7	3.8	5.3	5.4	1.6
United Kingdom...	.5	.4	.3	.6	1.6
Brazil.....	.7	.5	2.4	3.9	1.1
Guatemala.....	.5	.5	.5	.6	1.1
Japan.....	2.3	2.3	2.5	2.1	.8
Hong Kong.....	.5	1.6	1.5	1.5	.4
Australia.....	.4	.4	.4	.4	.3
Portugal.....	.1	.2	.2	.1	.3
Turkey.....	1/	1/	1/	1/	.2
India.....	1.5	2.7	2.3	1.5	.2
All other.....	17.6	18.8	16.3	14.6	1.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	80.3	77.0	76.2	77.8	92.1
GSP+4 2/.....	87.1	84.1	86.2	88.0	96.3

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 6907.90.00

CERTAIN CERAMIC FLOOR AND WALL TILES

Certain Ceramic Floor and Wall Tiles¹

I. Introduction

Certain ceramic floor and wall tiles: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
6907.90.00	Large unglazed tiles	20%	Yes	[***]
6908.10.50	Small glazed tiles, irregularly shaped and of 38.7 cm ² or greater	19%	Yes	[***]
6908.90.00	Large glazed tiles	19%	Yes	[***]

Description and uses.—Ceramic floor and wall tiles are thin surfacing units composed primarily of shaped and fired mixtures of nonmetallic minerals. They are used as decorative veneers on floors and walls. This digest covers unglazed and glazed tiles (tiles with a glassy coating) that typically have surface areas of 38.7 cm² or more; the tiles are essentially of nonmosaic design.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	114	112	117	129	4	*129
Employment (1,000 employees).....	10	10	10	10	-	*10
Shipments (1,000 dollars).....	410,400	482,500	524,200	524,000	8	548,100
Exports (1,000 dollars).....	6,719	6,650	7,084	11,033	18	11,503
Imports (1,000 dollars).....	227,961	281,081	343,138	373,828	18	393,017
Consumption (1,000 dollars).....	631,642	756,931	860,254	886,795	12	929,614
Import to consumption ratio (percent).....	36	37	40	42	5	42
Capacity utilization (percent).....	80	82	84	*84	*2	*84

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—There are *129 U.S. production establishments dispersed throughout the United States, and production of the tiles covered in this digest represents the bulk, 81 percent, of their tile output. Competition in the U.S. market for such tiles is based on a number of factors. U.S. producers tend to do well in nonresidential markets, where they enjoy competitive advantages over imports in the availability of tiles and technical assistance. Domestic producers can supply large quantities of specific types of tiles more quickly than foreign producers and have factory personnel available to assist consumers with problems. Imported tiles tend to do well in residential markets, where they enjoy competitive advantages over domestic tiles in price and

¹This digest includes the following HTS subheadings: 6907.90.00, 6908.10.50, and 6908.90.00.

aesthetic appeal. Imported tiles are available in a wider range of sizes, shapes, colors, and surface decorations than domestic tiles. Imports compete with each other primarily on the basis of price and aesthetic qualities.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	393,017	100	-	42
Imports from GSP countries:				
Total ¹	76,396	19	100	8
Mexico.....	39,240	10	51	4
Brazil.....	17,025	4	22	2
Thailand.....	4,771	1	6	1
Argentina.....	3,882	1	5	(2)

¹Imports from the Andean countries (Bolivia, Columbia, Ecuador, and Peru) were negligible in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>3</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes <u>X</u>	No	<u> </u>
What is the price elasticity of U.S. demand?.....	High <u>X</u>	Moderate	Low <u> </u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes <u>X</u>	No	<u> </u>
Does the country have significant export markets besides the United States?.....	Yes	No <u>X</u>	<u> </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	No <u>X</u>	<u> </u>
What is the price elasticity of import supply?.....	High <u>X</u>	Moderate	Low <u> </u>
Price level compared with—			
U.S. products.....	Above	Equivalent	Below <u>X</u>
Other foreign products.....	Above	Equivalent	Below <u>X</u>
Quality compared with—			
U.S. products.....	Above	Equivalent <u>X</u>	Below <u> </u>
Other foreign products.....	Above	Equivalent <u>X</u>	Below <u> </u>

Comment.—Consumers are willing to pay somewhat higher prices for domestic products because of the competitive advantages of U.S. producers in the availability of tiles and technical assistance.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Consumers are willing to pay somewhat higher prices for domestic products because of the competitive advantages of U.S. producers in the availability of tiles and technical assistance.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Consumers are willing to pay somewhat higher prices for domestic products because of the competitive advantages of U.S. producers in the availability of tiles and technical assistance.

V. Position of interested parties

Petitioner.—The Government of Colombia requested that imports under HTS subheadings 6907.90.00, 6908.10.50, and 6908.90.00 be designated as eligible articles under the GSP. The Colombian Government stated that GSP treatment for these tiles would not harm the U.S. industry, but would benefit the Colombian industry and economy.

The Foreign Trade Institute of Peru requested that imports under HTS subheading 6908.90.00 be designated as eligible articles under the GSP. The Institute stated that GSP status would increase Peru's production and exports to the United States and would generate jobs.

Opposition.—The Tile Council of America, Inc. (TCA), an association of domestic producers of ceramic floor and wall tiles, is opposed to the designation of these items as eligible articles under the GSP. TCA states that the tile industry has long been recognized by Congress and successive Administrations as an import sensitive industry. The granting of GSP eligibility for these items would result in a surge of imports that would seriously damage the U.S. industry without any offsetting benefit to the Andean countries. GSP countries other than the Andean nations would be the primary beneficiaries.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
6907.90.00	532.2700 (95%)	- 21.3	- 20.7	- 20	- 20	20 -
6908.10.50	532.2400 (5%)	- 20.2	- 19.6	- 19	- 19	19 -
6908.90.00	532.2400 (95%)	- 20.2	- 19.6	- 19	- 19	19 -

Table I.

Digest Title: Certain ceramic floor and wall tiles
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Italy.....	111,711	145,568	190,622	207,337	203,379
Spain.....	18,596	25,770	35,922	42,308	48,658
Mexico.....	14,541	15,495	22,350	30,042	39,240
Japan.....	45,345	45,380	39,090	38,756	37,527
Brazil.....	11,796	13,922	16,463	14,876	17,025
West Germany.....	9,819	10,624	9,617	6,885	7,562
Korea.....	392	1,739	2,982	4,829	6,461
Thailand.....	86	210	1,368	2,952	4,771
Argentina.....	319	772	2,820	3,750	3,882
Venezuela.....	842	3,007	1,268	1,654	3,442
France.....	2,259	2,378	2,895	2,196	2,741
Portugal.....	1,015	1,429	1,721	1,993	2,569
Taiwan.....	1,299	2,014	3,675	3,691	2,174
Colombia.....	517	949	1,690	2,074	1,987
Uruguay.....	2,613	2,316	2,118	2,039	1,645
All other.....	6,810	9,508	8,537	8,444	9,955
Total.....	227,961	281,081	343,138	373,828	393,017
GSP Total 2/..	31,922	39,404	50,835	60,827	76,396
GSP+4 2/.....	33,644	43,178	57,572	69,562	85,138
Percent					
Italy.....	49.0	51.8	55.6	55.5	51.7
Spain.....	8.2	9.2	10.5	11.3	12.4
Mexico.....	6.4	5.5	6.5	8.0	10.0
Japan.....	19.9	16.1	11.4	10.4	9.5
Brazil.....	5.2	5.0	4.8	4.0	4.3
West Germany.....	4.3	3.8	2.8	1.8	1.9
Korea.....	.2	.6	.9	1.3	1.6
Thailand.....	1/	.1	.4	.8	1.2
Argentina.....	.1	.3	.8	1.0	1.0
Venezuela.....	.4	1.1	.4	.4	.9
France.....	1.0	.8	.8	.6	.7
Portugal.....	.4	.5	.5	.5	.7
Taiwan.....	.6	.7	1.1	1.0	.6
Colombia.....	.2	.3	.5	.6	.5
Uruguay.....	1.1	.8	.6	.5	.4
All other.....	3.0	3.4	2.5	2.3	2.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.0	14.0	14.8	16.3	19.4
GSP+4 2/.....	14.8	15.4	16.8	18.6	21.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
69079000Digest Title: Certain ceramic floor and wall tiles
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	266	233	610	530	1,773
Bahamas.....	851	1,823	1,206	1,720	1,207
Canada.....	156	256	597	765	1,080
Jamaica.....	226	57	171	403	1,004
Australia.....	17	71	223	201	779
Hong Kong.....	91	165	433	520	683
Korea.....	796	1,384	729	1,110	641
Saudi Arabia.....	1,211	316	223	327	538
Cayman Is.....	190	427	477	542	494
Mexico.....	323	150	127	267	376
Bermuda.....	240	223	266	405	280
Panama.....	70	5	91	72	246
Netherlands Ant..	0	0	0	574	234
Guatemala.....	10	149	37	53	205
West Germany.....	24	4	231	179	167
All other.....	2,249	1,387	1,663	3,364	1,796
Total.....	6,719	6,650	7,084	11,033	11,503
GSP Total 1/..	3,020	3,881	3,661	6,392	5,269
GSP+4 1/.....	4,076	5,542	4,958	8,158	6,720
Percent					
Japan.....	4.0	3.5	8.6	4.8	15.4
Bahamas.....	12.7	27.4	17.0	15.6	10.5
Canada.....	2.3	3.9	8.4	6.9	9.4
Jamaica.....	3.4	.9	2.4	3.7	8.7
Australia.....	.2	1.1	3.1	1.8	6.8
Hong Kong.....	1.3	2.5	6.1	4.7	5.9
Korea.....	11.8	20.8	10.3	10.1	5.6
Saudi Arabia.....	18.0	4.8	3.1	3.0	4.7
Cayman Is.....	2.8	6.4	6.7	4.9	4.3
Mexico.....	4.8	2.2	1.8	2.4	3.3
Bermuda.....	3.6	3.3	3.8	3.7	2.4
Panama.....	1.0	.1	1.3	.7	2.1
Netherlands Ant..	.0	.0	.0	5.2	2.0
Guatemala.....	.1	2.2	.5	.5	1.8
West Germany.....	.4	.1	3.3	1.6	1.5
All other.....	33.5	20.9	23.5	30.5	15.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	44.9	58.4	51.7	57.9	45.8
GSP+4 1/.....	60.7	83.3	70.0	73.9	58.4

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7004.90.25

CLEAR, DRAWN SHEET GLASS OVER 2 MM BUT NOT OVER 3.5 MM THICK

Clear, Drawn Sheet Glass Over 2 mm But Not Over 3.5 mm Thick

I. Introduction

Clear, drawn sheet glass over 2 mm but not over 3.5 mm thick: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7004.90.25	Clear, drawn sheet glass over 2 mm but not over 3.5 mm thick	0.7%	Yes	[***]

Description and uses.—The product is "flat" glass produced by the drawn glass process. Such glass can be used wherever flat glass is needed, but in practice is largely restricted to smaller items such as picture frames or storm-window glazing. It may also be used in items such as furniture, lighting fixtures or microscope slides.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	1	1	1	1	-	1
Employment.....[***]
Shipments (1,000 dollars).....[***]
Exports (1,000 dollars) ³[***]
Imports (1,000 dollars).....	4,262	7,380	7,659	7,139	19	3,109
Consumption (1,000 dollars) ³[***]
Import to consumption ratio (percent) ³[***]
Capacity utilization (percent).....[***]

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Data are estimated by the staff of the U.S. International Trade Commission.

Comment.—Blown and drawn glass is now largely obsolete in the United States, having been progressively replaced by glass manufactured with the float process. Although drawn and blown glass is still produced in some nations, the float process offers advantages in both quality of product and costs of production. There is only one known U.S. producer of this product.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	3,109	100	-	[***]
Imports from GSP countries:				
Total.....	19	1	100	[***]
Philippines.....	19	1	100	[***]

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.
[***]

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989.....	<u> 9 </u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u> x </u>	No <u> </u>
What is the price elasticity of U.S. demand?.....	High	<u> x </u>	Moderate <u> </u> Low <u> </u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u> x </u>	No <u> </u>
Does the country have significant export markets besides the United States?.....	Yes	<u> x </u>	No <u> </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u> x </u>	No <u> </u>
What is the price elasticity of import supply?.....	High	<u> x </u>	Moderate <u> </u> Low <u> </u>
Price level compared with—			
U.S. products.....	Above	<u> </u>	Equivalent <u> x </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u> x </u> Below <u> </u>
Quality compared with—			
U.S. products.....	Above	<u> </u>	Equivalent <u> x </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u> x </u> Below <u> </u>

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The Government of Colombia (GOC) has requested that this digest's product be designated as GSP eligible. The GOC states that the manufacture of drawn glass is an important part of the Colombian economy, but due to high duty rates and transportation costs, Colombian exports to the United States are limited. The GOC asserts that the duty-free entry of these products would assist Colombian economic development with little or no harm to the U.S. glass industry.

Opposition.—PPG Industries, Pittsburg, PA, believes that the Colombian government has greatly overstated the benefits that the Colombian economy will receive by giving this product GSP status. PPG also asserts that the granting of GSP treatment to this product could have a negative effect upon the U.S. glass industry, and therefore is not in the economic interests of the United States.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. rate of duty				
		1985	1986	1987	1988	1989
7004.90.25		-	-	-	-	0.9¢/kg.
	542.31.20 (100%)	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.31.40 (100%)	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.31.70 (100%)	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.33.20 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.33.40 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.33.70 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.35.20 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.35.40 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.35.70 (100%)	0.5¢/lb.	0.4¢/lb.	0.4¢/lb.	0.4¢/lb.	-
	542.37.20 (100%)	0.8¢/lb.	0.7¢/lb.	0.7¢/lb.	0.7¢/lb.	-
	542.37.40 (100%)	0.8¢/lb.	0.7¢/lb.	0.7¢/lb.	0.7¢/lb.	-
	542.37.70 (100%)	0.8¢/lb.	0.7¢/lb.	0.7¢/lb.	0.7¢/lb.	-

Table I.

Digest Title: Clear, drawn sheet glass over 2 but not over 3.5 mm thick
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	1,179	1,289	1,662	1,838	1,807
China.....	0	94	668	1,397	564
Soviet Union.....	22	1,443	2,216	1,396	262
Switzerland.....	0	2	0	0	117
Romania.....	1,923	3,644	2,371	1,831	103
France.....	150	168	138	191	96
Hong Kong.....	0	0	23	56	61
Czechoslovakia...	55	41	130	134	26
Philippines.....	1	0	0	23	19
Belgium.....	85	182	319	107	18
Canada.....	0	0	0	9	14
United Kingdom...	39	0	17	61	8
Japan.....	2	31	12	0	7
Austria.....	0	7	8	0	7
Mexico.....	378	46	4	8	0
All other.....	429	432	90	87	0
Total.....	4,262	7,380	7,659	7,139	3,109
GSP Total 2/..	673	344	53	101	19
GSP+4 2/.....	700	416	100	174	80
Percent					
West Germany.....	27.7	17.5	21.7	25.7	58.1
China.....	.0	1.3	8.7	19.6	18.2
Soviet Union.....	.5	19.5	28.9	19.6	8.4
Switzerland.....	.0	1/	.0	.0	3.8
Romania.....	45.1	49.4	31.0	25.6	3.3
France.....	3.5	2.3	1.8	2.7	3.1
Hong Kong.....	.0	.0	.3	.8	2.0
Czechoslovakia...	1.3	.6	1.7	1.9	.8
Philippines.....	1/	.0	.0	.3	.6
Belgium.....	2.0	2.5	4.2	1.5	.6
Canada.....	.0	.0	.0	.1	.4
United Kingdom...	.9	.0	.2	.8	.3
Japan.....	1/	.4	.2	.0	.2
Austria.....	.0	.1	.1	.0	.2
Mexico.....	8.9	.6	.1	.1	.0
All other.....	10.1	5.9	1.2	1.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	15.8	4.7	.7	1.4	.6
GSP+4 2/.....	16.4	5.6	1.3	2.4	2.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7004.90.30

CLEAR, DRAWN SHEET GLASS OVER 3.5 MM THICK

Clear, Drawn Sheet Glass Over 3.5 mm Thick¹

I. Introduction

Clear, drawn sheet glass over 3.5 mm thick: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7004.90.30	Clear, drawn sheet glass measuring over 3,5 mm thick and not over 0.65 m ² in area	0.3%	No ¹	***]
7004.90.40	Clear, drawn sheet glass measuring over 3,5 mm thick and over 0.65 m ² in area	1%	No ¹	***]

¹ Although this item does not appear on the formal President's List of items not produced in the United States in 1985, extensive contacts with U.S. glass producers and the U.S. Bureau of the Census indicate that it is unlikely that U.S. production existed on that date.

Description and uses.—The items referred to are "flat" glass produced by the drawn glass process. Such glass can be used wherever flat glass is needed; the major applications for flat glass are windows for motor vehicles or for homes and buildings.

¹This digest includes the following HTS subheadings: 7004.90.30 and 7004.90.40.

II. U.S. market profile¹

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....						
Employment (1,000 employees).....						
Shipments (1,000 dollars).....						
Exports (1,000 dollars).....						
Imports (1,000 dollars).....	2,689	2,849	3,864	5,466	27	4,265
Consumption (1,000 dollars).....	2,689	2,849	3,864	5,466	27	4,265
Import to consumption ratio (percent).....	100	100	100	100	-	100
Capacity utilization (percent).....						

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Blown and drawn glass is now largely obsolete in the United States, having been progressively replaced by glass manufactured with the float process. Although drawn and blown glass is still produced in some nations, the float process offers advantages in both quality of product and costs of production.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	4,265	100	-	100
Imports from GSP countries:				
Total ¹	6	(²)	100	(²)
Mexico.....	6	(²)	100	(²)

¹ There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

² Less than 0.5 percent.

¹There is no known U.S. production of this article. [

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IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

¹There is no known U.S. production of this article.

V. Position of interested parties

Petitioner.—The Government of Colombia (GOC) has requested that the products of this digest be designated as GSP eligible. The GOC states that the manufacture of drawn glass is an important part of the Colombian economy, but due to high duty rates and transportation costs, Colombian exports to the United States are limited. The GOC asserts that the duty-free entry of these products would assist Colombian economic development with little or no harm to the U.S. glass industry.

Opposition.—PPG Industries, Pittsburg, PA, believes that the Colombian government has greatly overstated the benefits that the Colombian economy will receive by giving these products GSP status. PPG also asserts that the granting of GSP treatment to these products could have a negative effect upon the U.S. glass industry, and therefore is not in the economic interests of the United States.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

HTS subheadings	TSUSA item No. (and allocation)	TSUSA HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7004.90.30		-	-	-	-	1.1¢/kg.
	542.42.20 (100%)	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	-
	542.42.50 (100%)	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	-
	542.44.20 (100%)	0.6¢/lb.	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	-
	542.44.50 (100%)	0.6¢/lb.	0.5¢/lb.	0.5¢/lb.	0.5¢/lb.	-
7004.90.40		-	-	-	-	1.3¢/kg.
	542.46.20 (100%)	0.7¢/lb.	0.6¢/lb.	0.6¢/lb.	0.6¢/lb.	-
	542.46.50 (100%)	0.7¢/lb.	0.6¢/lb.	0.6¢/lb.	0.6¢/lb.	-
	542.48.15 (100%)	0.8¢/lb.	0.7¢/lb.	0.6¢/lb.	0.6¢/lb.	-
	542.48.35 (100%)	0.8¢/lb.	0.7¢/lb.	0.6¢/lb.	0.6¢/lb.	-

Table I.

Digest Title: Clear, drawn sheet glass over 3.5 mm thick
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	1,839	2,255	3,404	4,927	3,607
Romania.....	32	143	239	222	229
France.....	0	0	0	0	116
Canada.....	5	59	84	106	104
Belgium.....	64	59	14	151	66
Netherlands.....	155	85	0	0	45
Taiwan.....	2	1	1	0	41
Japan.....	27	2	0	1	30
China.....	0	0	10	22	15
Mexico.....	0	3	0	0	6
Czechoslovakia...	0	3	0	0	4
East Germany.....	27	80	11	0	3
Dominican Rep....	208	0	0	0	0
Peru.....	0	0	3	0	0
Brazil.....	44	50	26	0	0
All other.....	285	109	71	36	0
Total.....	2,689	2,849	3,864	5,466	4,265
GSP Total 2/..	465	57	30	0	6
GSP+4 2/.....	467	58	31	0	46
Percent					
West Germany.....	68.4	79.2	88.1	90.1	84.6
Romania.....	1.2	5.0	6.2	4.1	5.4
France.....	.0	.0	.0	.0	2.7
Canada.....	.2	2.1	2.2	1.9	2.4
Belgium.....	2.4	2.1	.4	2.8	1.5
Netherlands.....	5.8	3.0	.0	.0	1.1
Taiwan.....	.1	1/	1/	.0	1.0
Japan.....	1.0	.1	.0	1/	.7
China.....	.0	.0	.3	.4	.3
Mexico.....	.0	.1	.0	.0	.1
Czechoslovakia...	.0	.1	.0	.0	.1
East Germany.....	1.0	2.8	.3	.0	.1
Dominican Rep....	7.8	.0	.0	.0	.0
Peru.....	.0	.0	.1	.0	.0
Brazil.....	1.6	1.7	.7	.0	.0
All other.....	10.6	3.8	1.8	.7	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	17.3	2.0	.8	.0	.1
GSP+4 2/.....	17.4	2.0	.8	.0	1.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7013.29.10
CERTAIN HOUSEHOLD GLASSWARE

Certain Household Glassware¹

I. Introduction

Certain household glassware: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
	Drinking glasses other than of glass-ceramics or lead crystal, or tempered:			
7013.29.10	Valued not over \$0.30 each	38%	Yes	[***]
7013.29.20	Valued over \$0.30 but not over \$3 each	30%	Yes	[***]
7013.29.30	Valued over \$3 but not over \$5 each, cut or engraved	15%	Yes	[***]
7013.29.40	Valued over \$5 each, cut or engraved	7.2%	Yes	[***]
7013.29.50	Valued over \$3 but not over \$5 each, other than cut or engraved	15%	Yes	[***]
7013.29.60	Valued over \$5 each, other than cut or engraved	7.2%	Yes	[***]
	Glassware, other than drinking glasses, used for table or kitchen purposes, other than of glass-ceramics or lead crystal, or tempered:			
7013.39.20	Valued not over \$3 each	30%	Yes	[***]
7013.39.30	Valued over \$3 but not over \$5 each, cut or engraved	15%	Yes	[***]
7013.39.40	Valued over \$5 each, cut or engraved	7.2%	Yes	[***]
7013.39.50	Valued over \$3 but not over \$5 each, other than cut or engraved	15%	Yes	[***]
7013.39.60	Valued over \$5 each, other than cut or engraved	7.2%	Yes	[***]
	Glassware, other than drinking glasses, used for table or kitchen purposes, smokers' articles, perfume bottles, and votive candle holders, other than of glass-ceramics or lead crystal, or tempered:			
7013.99.40	Valued not over \$0.30 each	38%	Yes	[***]
7013.99.50	Valued over \$0.30 but not over \$3 each	30%	Yes	[***]
7013.99.60	Valued over \$3 but not over \$5 each, cut or engraved	15%	Yes	[***]
7013.99.70	Valued over \$5 each, cut or engraved	7.2%	Yes	[***]

¹This digest includes the following HTS subheadings: 7013.29.10, 7013.29.20, 7013.29.30, 7013.29.40, 7013.29.50, 7013.29.60, 7013.39.20, 7013.39.30, 7013.39.40, 7013.39.50, 7013.39.60, 7013.99.40, 7013.99.50, 7013.99.60, 7013.99.70, 7013.99.80, and 7013.99.90.

Certain household glassware—Continued

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7013.99.80	Valued over \$3 but not over \$5 each, other than cut or engraved	15%	Yes	[***]
7013.99.90	Valued over \$5 each, other than cut or engraved	7.2%	Yes	[***]

Description and uses.—The household glassware covered in this digest includes drinking glasses, such as tumblers, goblets, and stemware; table and kitchen ware, such as plates, serving dishes, and bowls; and miscellaneous glassware for toilet, office, indoor decoration, or similar purposes, such as figurines, vases, and paperweights. These articles are manufactured from glass that is other than glass-ceramics, lead crystal, or tempered, and can be made by machine or by hand, or a combination of the two processes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(³)	(³)	(³)	(³)	-	(³)
Employment (thousand employees).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (million dollars).....	**911	**958	**948	**1,022	**4	(⁴)
Exports (million dollars).....	15	15	19	22	14	47
Imports (million dollars).....	147	160	170	175	6	166
Consumption (million dollars).....	**1,043	**1,103	**1,099	**1,175	**4	(⁴)
Import to consumption ratio (percent).....	**14	**15	**15	**15	**2	(⁴)
Capacity utilization (percent).....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Certain data are available for the sector of the industry melting its own glass; see comment below.

⁴Not available.

Comment.—The estimated producers' shipment data provided include that glassware produced by establishments that melt their own glass for further processing, as well as those establishments that purchase glassware for further fabrication, such as decorating or etching.

The U.S. industry producing the articles under consideration in this digest is generally dominated by the machine-made glassware sector, which includes such firms as Anchor Hocking (headquartered in Lancaster, OH), Owens-Illinois (Toledo, OH), and the companies of Lancaster Colony, including Bartlett-Collins (Sapulpa, OK), Lancaster Glass Corp. (Lancaster, OH), and Indiana Glass (Dunkirk, IN), all of which melt their own glass. This sector of the U.S. industry is reportedly experiencing overcapacity and is offering price concessions to maintain production volumes.

These articles are generally distributed through mass merchandisers, department stores, certain manufacturers' retail stores, premium outlets, and restaurant/institutional supply centers. Art and decorative glassware are usually sold through giftware, department, and art/craft stores. Glassware manufacturers generally watch consumer fashions/trends for product development. Nonprice factors, such as design, color, and packaging, are often significant in the purchase of these items, although price is generally a more important factor when purchasing lower valued merchandise.

Certain industry data are not available on a comparable basis for the entire period. However, the following information was collected by the Bureau of the Census and provides an indication of the relative status of the industry in 1985 and 1988. These figures include both machine-made and hand-made production of household glassware. In 1988 all types of tumblers (including those beyond the scope of this investigation) were produced by 22 firms (compared with an estimated 26 firms in 1985); stemware—19 firms (26 firms); tableware—19 firms (26 firms); cookware, overware, and kitchenware—8 firms (7 firms); and ornamental and decorative glassware—35 firms (28 machine-made firms and 30 hand-made firms).

The following tabulations provide data collected by the Bureau of the Census for certain glassware categories for the years 1988 and 1985; these data represent both machine-made and hand-made production by both sectors of the industry and include some production beyond the scope of this digest:

<u>Item</u>	<u>Quantity</u>	<u>1988</u>	
		<u>Value</u> <u>(Thousand dollars)</u>	
Tumblers...thousand dozen.....	41,944	164,319	
Stemware.....do.....	11,478	131,190	
Tableware..thousand pieces.....	133,828	225,787	
Cookware, overware, micro- wave ware and kitchenware.....thousand pieces.....	82,335	264,956	

<u>Item</u>	<u>Quantity</u>	<u>1985</u>	
		<u>Value</u> <u>(Thousand dollars)</u>	
Tumblers...thousand dozen.....	41,873	182,835	
Stemware.....do.....	11,938	128,395	
Tableware..thousand pieces.....	112,826	136,126	
Cookware, overware, micro- wave ware and kitchenware.....thousand pieces.....	100,545	291,039	

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	166,272	100	-	(¹)
Imports from GSP countries:				
Total ²	35,023	21	100	(¹)
Mexico.....	15,639	9	45	(¹)
Turkey.....	5,613	3	16	(¹)
Poland.....	5,332	3	15	(¹)
Yugoslavia.....	2,177	1	6	(¹)

¹Not available.

²Imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) were negligible in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Although certain Mexican glassware may be lower-priced, the U.S. industry offers to U.S. consumers glassware designs, styles, colors, and/or decorations not available from other glassware suppliers for which consumers will pay a higher price.

The Mexican industry is dominated by a large glass manufacturer, Vitro S.A. (Monterrey, Mexico), with state-of-the-art plants manufacturing household glassware, flat glass and its products, laboratory glassware, and other glassware items. Total sales for the group amounted to \$1.1 billion in 1988. Crisa Corporation is the U.S. sales and marketing organization owned by Vitro Crisa, which supplies Crisa with stemware, serveware, floral accessories, and a wide variety of other glassware articles from three plants in the Monterrey area. These plants, which operated at a utilization rate of 70 percent in 1988, are Vitrocrisa Crimesa (tableware and overware and soda lime glassware), Vitrocrisa Cristaleria (soda lime glassware), and Vitrocrisa Kristal (lead crystal glassware). Crisa reportedly represents about 75 percent of the Mexican market for glassware, and has been seeking to expand export opportunities in the United States and Canada.

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Although certain Turkish glassware may be lower-priced, the U.S. industry offers to U.S. consumers glassware designs, styles, colors, and/or decorations not available from other glassware suppliers for which consumers will pay a higher price.

The Turkish glassware industry is dominated by the Pasabache glassworks, which is reportedly the world's second largest automated glass manufacturer; the firm also produces a wide range of hand-made glassware. This firm reportedly has 8 tanks and 6 pots, with an automated production

IV. Competitiveness profiles, GSP suppliers—Continued

capacity of 200 tons/day and a hand production capacity of 50 tons/day. Production includes teacups, tumblers, decanters, pitchers, beverage sets, cut and decorated dinnerware, stemware, and artware, for example, which is exported throughout the world. These glassware articles are often manufactured to suit a country's design, style, and decorative preferences. Two other Turkish firms are known to manufacture household glassware—Teknik Cam Sanayii A.S. and Turkiye Sise Ve Cam Fabrikalari A.S. Both of these firms manufacture a wide range of glass products; Teknik also produces laboratory glassware and tubing, and Turkiye Sise Ve Cam manufactures containers, laboratory glassware, fiber glass, and flat glass products. Household glassware represented about 24 percent of the latter firm's total sales in 1987. Sise-Cam is reported to operate state-of-the-art glassware plants, and has established a marketing presence in the U.S. market with Intermar-International Marketing Inc.

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?..... High Moderate x Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No

What is the price elasticity of U.S. demand?.. High Moderate x Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes x No

Does the country have significant export markets besides the
United States?..... Yes x No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes x No

What is the price elasticity of import supply?..... High x Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below x

Other foreign products..... Above Equivalent Below x

Quality compared with—

U.S. products..... Above Equivalent x Below

Other foreign products..... Above Equivalent x Below

Comment.—Although certain imported glassware may be lower-priced, the U.S. industry offers to U.S. consumers glassware designs, styles, colors, and/or decorations not available from other glassware suppliers for which consumers will pay a higher price.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau, on behalf of INCOMEX (Instituto Colombiano de Comercio Exterior) and PROEXPO (Fondo de Promocion de Exportaciones, Banco de la Republica), requests the inclusion of certain household glassware items in the GSP system to enhance the competitiveness of the Colombian glassware industry in the U.S. market and to improve the Colombian economy with such benefits as increased employment, production, and profits. The petitioner maintains that the U.S. industry is healthy and plays a dominant role in the domestic glassware market; however, should the eligibility of and benefits to other GSP countries be of concern, the petitioner suggests that GSP status for this item be granted only to Colombia, other Andean nations, and other GSP beneficiaries deemed uncompetitive in the U.S. market.

Opposition.—The American Flint Glass Workers Union opposes the granting of GSP status for these glassware items, citing the numerous plant closures and job losses principally associated with increased imports and the beneficial impact such status would have for GSP beneficiary countries such as Mexico, which already exports a significant level of glassware to the United States.

Corning Glass Works (Corning, NY) opposes the petition principally because of the benefits that would accrue to GSP countries, other than Colombia, that are already competitive in the U.S. market; the harm that would befall the U.S. industry, including Corning, from import displacement since the market is "mature and offers poor prospects for significant growth"; and the statutory GSP exclusion of glassware products as "import-sensitive".

Indiana Glass Company (Dunkirk, IN) opposes the petition, citing the import sensitivity of the industry, the decline in domestic shipments and increase in U.S. imports of household glassware, the numerous closings and job losses, the relative insignificance of the Colombian glassware industry and its position in the U.S. market, the recent inclusion of certain glassware in the 1989 annual review, and the benefits that would accrue to other GSP beneficiary countries, such as "world-class competitors" Mexico, Turkey, and Indonesia, should these glassware items be included in the GSP system.

Anchor Hocking Glass Company (Lancaster, OH), a division of the Newell Group (Freeport, IL), opposes the addition of glassware items to GSP status because of the statutory exemption of "import-sensitive" glass products from GSP eligibility, and their addition will not result in expanded U.S. imports from the Andean countries since these countries are not significant manufacturers of glassware and other GSP-eligible countries are already competitive in this field. In addition, Anchor Hocking's competitiveness would be impaired as its unit costs would increase as a result of overall reduced cost effectiveness.

Libbey Glass (Toledo, OH), a unit of Owens-Illinois, Inc., cites several factors in its opposition to the proposed GSP eligibility of glassware products: (1) the statutory exclusion of "import-sensitive" glass products from GSP eligibility; (2) high import penetration; (3) numerous plant closings and reduced employment; (4) the competitiveness of GSP-eligible countries' exports with U.S. and other imported merchandise in the U.S. market; and (5) the further harm which would occur to the U.S. industry.

Mid-Atlantic of West Virginia, Inc. (Ellenboro, WV) is in opposition to the proposed addition of glassware products to GSP eligibility because of the severe negative economic effects that would likely result in the closure of the Mid-Atlantic facility, the statutory exclusion of "import-sensitive" glassware products from GSP eligibility, and the world-class status of foreign producers that does not justify duty reductions.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col. 1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7013.29.10		-	-	-	-	38
	546.23 (5%)	11	9.5	8	8	-
	546.3520 (1%)	20	20	20	20	-
	546.5220 (100%)	41	39.5	38	38	-
7013.29.20		-	-	-	-	30
	546.23 (40%)	11	9.5	8	8	-
	546.25 (10%)	8.1	7.3	6.6	6.6	-
	546.3520 (40%)	20	20	20	20	-
	546.6020 (100%)	30	30	30	30	-
7013.29.30		-	-	-	-	15
	546.6220 (100%)	15	15	15	15	-
7013.29.40		-	-	-	-	7.2
	546.6420 (100%)	9.2	8.2	7.2	7.2	-
7013.29.50		-	-	-	-	15
	546.25 (10%)	8.1	7.3	6.6	6.6	-
	546.3520 (20%)	20	20	20	20	-
	546.6620 (100%)	15	15	15	15	-
7013.29.60		-	-	-	-	7.2
	546.6820 (100%)	9.2	8.2	7.2	7.2	-
7013.39.20		-	-	-	-	30
	546.23 (5%)	11	9.5	8	8	-
	546.25 (10%)	8.1	7.3	6.6	6.6	-
	546.3520 (29%)	20	20	20	20	-
	546.5240 (90%)	41	39.5	38	38	-
	546.6040 (90%)	30	30	30	30	-
7013.39.30		-	-	-	-	15
	546.6240 (100%)	15	15	15	15	-
7013.39.40		-	-	-	-	7.2
	546.6440 (100%)	9.2	8.2	7.2	7.2	-
7013.39.50		-	-	-	-	15
	546.25 (10%)	8.1	7.3	6.6	6.6	-
	546.3520 (10%)	20	20	20	20	-
	546.6640 (90%)	15	15	15	15	-
7013.39.60		-	-	-	-	7.2
	546.25 (15%)	8.1	7.3	6.6	6.6	-
	546.6820 (100%)	9.2	8.2	7.2	7.2	-
7013.99.40		-	-	-	-	38
	546.5260 (100%)	41	39.5	38	38	-
7013.99.50		-	-	-	-	30
	546.6060 (100%)	30	30	30	30	-
7013.99.60		-	-	-	-	15
	546.6260 (100%)	15	15	15	15	-

HTS/TSUSA concordance and col. 1 rates of duty, 1985-89—Continued

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7013.99.70	546.6460 (100%)	- 9.2	- 8.2	- 7.2	- 7.2	7.2 -
7013.99.80	546.6660 (100%)	- 15	- 15	- 15	- 15	15 -
7013.99.90	546.6860 (100%)	- 9.2	- 8.2	- 7.2	- 7.2	7.2 -

Table I.

Digest Title: Certain household glassware
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	19,344	21,597	25,859	25,327	20,120
Taiwan.....	18,370	21,182	21,546	23,461	18,449
Japan.....	10,547	12,594	14,498	15,204	18,126
Italy.....	13,849	17,541	15,312	15,155	17,305
Mexico.....	10,401	9,254	12,074	11,748	15,639
West Germany.....	19,072	20,924	17,649	19,472	13,561
Romania.....	12,044	13,109	10,826	12,338	6,840
Turkey.....	2,122	3,232	5,525	4,737	5,613
Poland.....	3,020	3,194	5,083	3,966	5,332
China.....	3,637	3,574	3,267	3,365	4,476
Spain.....	922	968	2,045	3,155	4,117
Sweden.....	4,078	3,513	4,003	4,121	3,700
Czechoslovakia...	3,671	4,039	5,071	4,976	3,551
Canada.....	1,433	1,097	1,945	1,782	2,944
United Kingdom...	4,178	5,715	5,104	4,486	2,787
All other.....	20,275	18,599	20,514	21,966	23,714
Total.....	146,962	160,133	170,321	175,261	166,272
GSP Total 1/..	20,162	20,121	28,725	27,730	35,023
GSP+4 1/.....	40,053	43,840	51,960	53,281	55,598
Percent					
France.....	13.2	13.5	15.2	14.5	12.1
Taiwan.....	12.5	13.2	12.7	13.4	11.1
Japan.....	7.2	7.9	8.5	8.7	10.9
Italy.....	9.4	11.0	9.0	8.6	10.4
Mexico.....	7.1	5.8	7.1	6.7	9.4
West Germany.....	13.0	13.1	10.4	11.1	8.2
Romania.....	8.2	8.2	6.4	7.0	4.1
Turkey.....	1.4	2.0	3.2	2.7	3.4
Poland.....	2.1	2.0	3.0	2.3	3.2
China.....	2.5	2.2	1.9	1.9	2.7
Spain.....	.6	.6	1.2	1.8	2.5
Sweden.....	2.8	2.2	2.4	2.4	2.2
Czechoslovakia...	2.5	2.5	3.0	2.8	2.1
Canada.....	1.0	.7	1.1	1.0	1.8
United Kingdom...	2.8	3.6	3.0	2.6	1.7
All other.....	13.8	11.6	12.0	12.5	14.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	13.7	12.6	16.9	15.8	21.1
GSP+4 1/.....	27.3	27.4	30.5	30.4	33.4

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain household glassware
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	5,237	4,087	6,364	6,410	13,586
Mexico.....	168	331	446	1,328	4,812
Japan.....	1,477	922	1,608	2,488	4,393
Australia.....	1,099	1,036	961	1,506	3,197
Saudi Arabia.....	370	244	346	348	2,089
Kuwait.....	120	78	108	20	1,803
Singapore.....	399	345	297	433	1,355
United Kingdom...	547	491	699	1,147	1,345
Hong Kong.....	253	730	898	949	1,155
Spain.....	80	24	45	139	1,126
Brazil.....	3	2	3	20	1,051
Philippines.....	109	82	317	432	960
Israel.....	264	194	353	389	646
West Germany.....	393	359	699	545	562
France.....	134	107	166	277	514
All other.....	4,831	5,759	5,773	5,387	8,044
Total.....	15,484	14,792	19,085	21,818	46,638
GSP Total 2/..	3,608	3,784	4,100	5,142	12,543
GSP+4 2/.....	4,472	5,117	5,675	7,228	15,944
Percent					
Canada.....	33.8	27.6	33.3	29.4	29.1
Mexico.....	1.1	2.2	2.3	6.1	10.3
Japan.....	9.5	6.2	8.4	11.4	9.4
Australia.....	7.1	7.0	5.0	6.9	6.9
Saudi Arabia.....	2.4	1.7	1.8	1.6	4.5
Kuwait.....	.8	.5	.6	.1	3.9
Singapore.....	2.6	2.3	1.6	2.0	2.9
United Kingdom...	3.5	3.3	3.7	5.3	2.9
Hong Kong.....	1.6	4.9	4.7	4.3	2.5
Spain.....	.5	.2	.2	.6	2.4
Brazil.....	1/	1/	1/	.1	2.3
Philippines.....	.7	.6	1.7	2.0	2.1
Israel.....	1.7	1.3	1.8	1.8	1.4
West Germany.....	2.5	2.4	3.7	2.5	1.2
France.....	.9	.7	.9	1.3	1.1
All other.....	31.2	38.9	30.2	24.7	17.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	23.3	25.6	21.5	23.6	26.9
GSP+4 2/.....	28.9	34.6	29.7	33.1	34.2

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7209.11.00

CERTAIN COLD-ROLLED, FLAT-ROLLED PRODUCTS
OF HIGH STRENGTH STEEL

Certain Cold-Rolled, Flat-Rolled Products
of High Strength Steel¹

I. Introduction

Certain cold-rolled, flat-rolled products of high strength steel: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7209.11.00	Thick cold-rolled sheet, in coils	5.1%	Yes	[***]
7209.12.00	Medium cold-rolled sheet, in coils	5.1%	Yes	[***]
7209.13.00	Thin cold-rolled sheet, in coils	5.1%	Yes	[***]
7209.14.00	Ultra thin cold-rolled sheet, in coils	5.1%	Yes	[***]
7209.32.00	Thin cold-rolled sheet, cut to length	5.1%	Yes	[***]

Description and uses.—This digest includes high-strength steel sheets of varying thicknesses. The sheets are relatively strong carbon sheet products that maintain high levels of ductility and formability. The digest products have specialized end uses, the largest being in the automotive industry for the production of structural components. They are also used in the construction, appliance and equipment markets.

¹This digest includes the following HTS subheadings: 7209.11.00, 7209.12.00, 7209.13.00, 7209.14.00 and 7209.32.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	*12	*12	*12	*13	*3	13
Employment (1,000 employees).....	**2	**2	**2	**2	**-	**2
Shipments (1,000 dollars).....	**180,000	**170,000	**180,000	**200,000	**4	**210,000
Exports (1,000 dollars).....	4,624	7,338	8,713	19,292	61	71,858
Imports (1,000 dollars).....	38,193	40,989	63,719	85,398	31	67,046
Consumption (1,000 dollars).....	**213,569	**203,651	**235,006	**266,106	**8	**205,188
Import to consumption ratio (percent)..	**18	**20	**27	**32	**22	**33
Capacity utilization (percent).....	*66	*64	*80	*89	*10	*84

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The producers of high-strength cold-rolled steel products (HSCR) are integrated steel companies which, after several years of contraction and rationalization, have improved their global competitive position by improving productivity and quality and by lowering costs. HSCR represent less than one percent of the total shipments for these companies.

In the area of cold-rolled steel sheet, the largest end market is the automotive industry, where the purchase of steel is generally made through annual competitive bidding. Domestic auto manufacturers noted that almost all of the steel purchased is domestically produced; that which is imported is generally high quality steel from Japan. The auto industry does not currently purchase the digest products from any GSP countries. One auto representative remarked that the quality of HSCR products from GSP countries did not compare to domestically produced HSCR.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	67,046	100	-	**33
Imports from GSP countries:				
Total ¹	3,106	5	100	**2
Brazil.....	2,916	4	94	**1
Mexico.....	190	(2)	6	** ⁽²⁾

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

Comment.—Over 90 percent of the imports of HSCR comes from either Japan, the EC, or Canada. Only one GSP country, Brazil, consistently ships a sizeable volume to the United States. The other GSP supplier of HSCR in 1989 was Mexico, and the size of its shipment was minor. The main barrier to increased import penetration in this product category from GSP countries is, according to steel purchasers from automotive companies, low quality. The Mexican and Brazilian steel industries compete most effectively in less demanding commercial quality products where product quality is relatively less important. In the case of HSCR, the demand that the product meet strict standards is relatively high.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X

What is the price elasticity of U.S. demand?..... High ___ Moderate ___ Low X

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 14

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X

What is the price elasticity of U.S. demand?..... High ___ Moderate ___ Low X

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>N/A</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input type="checkbox"/>	Moderate <input type="checkbox"/> Low <input checked="" type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>

Comment.—Of the GSP suppliers, Brazil is the best positioned to take advantage of the proposed tariff elimination. It is the only country that has been a consistent supplier of HSCR over the past five years. In 1989, however, its exports to the United States dropped by nearly 60 percent. Mexico's presence in the market has been steady, but minor, representing only a fraction of 1 percent of U.S. consumption.

The demand for HSCR is not highly sensitive to fluctuations in price. The primary reason for this is that, in the auto sector, steel purchases are made on an annual basis. Once a contract is set, auto manufacturers are limited in their purchases of lower-priced steel on the spot market. In addition, other factors besides price are important; these factors include quality, service, reliability, and delivery. These are areas where the U.S. industry has a competitive advantage over competitors from GSP countries. Steel purchasers from U.S. auto companies specifically noted that Brazilian and Mexican HSCR products were not competitive due to inferior quality and were therefore not considered to be substitutes for domestically produced steel. Imports from non-GSP countries, however, were deemed to be roughly equal in quality. Finally, HSCR represents such a minor portion of the overall cost of the automobile, estimated to be under 1 percent, that possible cost savings are relatively minor, according to auto industry sources.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau submitted its petition on behalf of INCOMEX (Instituto Colombiano de Comercio Exterior) and PROEXPO (Fondo de Promocion de Exportaciones, Banco de la Republica). Although it acknowledges that Brazil and Mexico would be the major beneficiaries of GSP designation, it believes that the impact of imports from those countries on the U.S. industry should not be a factor in the decision of whether or not to grant GSP status. If those factors cannot be disregarded, the petitioner requests that the President grant the petition only with respect to Colombia and other Andean nations or other GSP beneficiaries determined not to be competitive in this market.

The petitioner claims that the designated products are not import sensitive and supports this by noting that duty-free status was granted to CBI countries and Israel, and that the duty for Canada was reduced to 4.5 percent.

Granting GSP benefits, according to the petitioner, would allow Colombia to overcome its competitive disadvantages in this area and increase exports, thereby quadrupling the number of employees at the plant that produces HSCR products to approximately 200.

Opposition.—The American Iron and Steel Institute (AISI), a trade association representing all integrated steel producers and certain non-integrated producers, submitted written testimony opposing the petition. Its opposition was based on both policy and economic grounds.

On policy grounds, AISI noted that "import sensitive steel articles" have been statutorily excluded from the GSP and have never been accorded GSP-eligible status.

On economic grounds, AISI argued that despite the voluntary restraint agreements (VRAs), unfair trade still exists and the steel industry remains sensitive to imports. The President's decision to extend the VRAs was, according to AISI, a recognition of this situation. In addition, AISI noted that granting the petition would be particularly harmful at this time, because U.S. steel markets are softening in many product lines.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
7209.11.00 ¹		-	-	-	-	5.1
7209.12.00		-	-	-	-	5.1
	607.83.60(1%)	6.1	5.6	-	-	-
	607.83.90(1%)	-	-	5.1	5.1	-
	607.83.55(30%)	6.1	5.6	5.1	5.1	-
7209.13.00		-	-	-	-	5.1
	607.83.60(1%)	6.1	5.6	-	-	-
	607.83.90(1%)	-	-	5.1	5.1	-
	607.83.55(40%)	6.1	5.6	5.1	5.1	-
7209.14.00		-	-	-	-	5.1
	607.83.60(1%)	6.1	5.6	-	-	-
	607.83.90(1%)	-	-	5.1	5.1	-
	607.83.55(25%)	6.1	5.6	5.1	5.1	-
7209.32.00		-	-	-	-	5.1
	607.83.55(1%)	6.1	5.6	5.1	5.1	-

¹No TSUSA item numbers had an allocation to HTS subheading 7209.11.00.

Table I.

Digest Title: Certain cold-rolled, flat-rolled products of high-strength steel
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	10,046	9,084	10,637	11,602	20,486
Belgium.....	1,429	1,471	15,500	22,664	17,761
Canada.....	2,763	3,991	4,555	4,820	14,022
West Germany.....	6,565	6,654	7,834	9,176	3,443
Brazil.....	1,153	4,986	7,390	6,969	2,916
France.....	2,433	1,996	1,599	2,630	2,166
Austria.....	1,636	697	737	287	1,275
Italy.....	814	1,345	1,091	2,283	1,213
Greece.....	755	832	4,998	6,341	1,202
Korea.....	3,234	2,982	2,657	2,216	973
Spain.....	455	629	361	370	499
United Kingdom...	390	571	581	2,511	420
Netherlands.....	1,696	1,701	1,298	1,692	190
Mexico.....	61	86	85	139	190
Finland.....	379	153	333	195	167
All other.....	4,384	3,811	4,061	11,504	124
Total.....	38,193	40,989	63,719	85,398	67,046
GSP Total 1/..	2,340	6,221	10,143	15,441	3,106
GSP+4 1/.....	6,155	9,661	13,416	19,531	4,152
Percent					
Japan.....	26.3	22.2	16.7	13.6	30.6
Belgium.....	3.7	3.6	24.3	26.5	26.5
Canada.....	7.2	9.7	7.1	5.6	20.9
West Germany.....	17.2	16.2	12.3	10.7	5.1
Brazil.....	3.0	12.2	11.6	8.2	4.3
France.....	6.4	4.9	2.5	3.1	3.2
Austria.....	4.3	1.7	1.2	.3	1.9
Italy.....	2.1	3.3	1.7	2.7	1.8
Greece.....	2.0	2.0	7.8	7.4	1.8
Korea.....	8.5	7.3	4.2	2.6	1.5
Spain.....	1.2	1.5	.6	.4	.7
United Kingdom...	1.0	1.4	.9	2.9	.6
Netherlands.....	4.4	4.2	2.0	2.0	.3
Mexico.....	.2	.2	.1	.2	.3
Finland.....	1.0	.4	.5	.2	.2
All other.....	11.5	9.3	6.4	13.5	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	6.1	15.2	15.9	18.1	4.6
GSP+4 1/.....	16.1	23.6	21.1	22.9	6.2

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain cold-rolled, flat-rolled products of high-strength steel U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	461	2,820	4,604	8,806	39,338
Italy.....	112	76	76	112	6,115
China.....	107	166	88	1,892	5,182
Canada.....	2,132	1,666	1,915	4,457	4,629
Israel.....	8	3	43	108	2,937
Taiwan.....	186	381	315	153	2,900
Honduras.....	3	6	4	215	2,056
Iraq.....	1/	0	0	0	1,256
Jamaica.....	7	4	10	1	1,083
Guatemala.....	1	2	5	76	1,026
St Vinc & Gren...	0	0	0	0	977
Hong Kong.....	96	216	149	530	831
Dominican Rep....	48	31	16	18	765
Thailand.....	68	126	40	47	551
India.....	444	538	397	1,069	356
All other.....	949	1,303	1,050	1,810	1,856
Total.....	4,624	7,338	8,713	19,292	71,858
GSP Total 2/..	1,683	4,272	5,560	11,380	50,394
GSP+4 2/.....	2,041	4,984	6,193	12,223	54,198
Percent					
Mexico.....	10.0	38.4	52.8	45.6	54.7
Italy.....	2.4	1.0	.9	.6	8.5
China.....	2.3	2.3	1.0	9.8	7.2
Canada.....	46.1	22.7	22.0	23.1	6.4
Israel.....	.2	1/	.5	.6	4.1
Taiwan.....	4.0	5.2	3.6	.8	4.0
Honduras.....	.1	.1	1/	1.1	2.9
Iraq.....	1/	.0	.0	.0	1.7
Jamaica.....	.2	.1	.1	1/	1.5
Guatemala.....	1/	1/	.1	.4	1.4
St Vinc & Gren...	.0	.0	.0	.0	1.4
Hong Kong.....	2.1	2.9	1.7	2.7	1.2
Dominican Rep....	1.0	.4	.2	.1	1.1
Thailand.....	1.5	1.7	.5	.2	.8
India.....	9.6	7.3	4.6	5.5	.5
All other.....	20.5	17.8	12.0	9.4	2.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	36.4	58.2	63.8	59.0	70.1
GSP+4 2/.....	44.1	67.9	71.1	63.4	75.4

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7318.12.00
CERTAIN INDUSTRIAL FASTENERS

Certain Industrial Fasteners

I. Introduction

Certain industrial fasteners: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7318.12.00	Other wood screws	12.5%	Yes	[***]

Description and uses.—The fasteners covered by this digest are wood screws which are used to fasten pieces of wood together. They are primarily produced to standard specifications in a wide variety of diameters and lengths.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985	1989
Producers (number).....	**10	**10	**10	**10	**-	**10
Employment (1,000 employees).....	**1	**1	**1	**1	**-	**1
Shipments (1,000 dollars).....	**15,000	**18,000	**20,000	**22,000	**14	**20,000
Exports (1,000 dollars).....	5,185	6,613	6,670	8,298	17	2,407
Imports (1,000 dollars).....	14,620	10,948	11,866	14,172	-1	16,040
Consumption (1,000 dollars).....	**24,435	**22,335	**25,196	**27,874	**4	**33,633
Import to consumption ratio (percent).....	**60	**45	**39	**40	**-13	**48
Capacity utilization (percent).....	**65	**65	**65	**65	**-	**65

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Although U.S. production of certain industrial fasteners (wood screws) increased during the last 5 years, U.S. imports comprised a relatively large share of the U.S. market. However, U.S. manufacturers continue to maintain a competitive advantage in quality and aftersale services.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	16,040	100	-	**48
Imports from GSP countries:				
Total.....	336	2	100	**1
Mexico.....	282	2	84	**1
Thailand.....	54	(²)	16	**(²)

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.
²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Columbia requests that certain wood screws of iron or steel from Columbia be designated as eligible for GSP pursuant to 19 U.S.C. 2463(a). The petitioner maintains that the Colombian wood screw industry will not be able to take advantage of the growing U.S. market without GSP treatment.

Opposition.—The American Iron and Steel Institute objects to the request by Andean Bloc countries to add 7318.12.00 to the list of GSP-eligible articles, maintaining that past decisions to allow duty-free treatment to industrial fasteners have had a negative impact on many of their customers.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1985	1986	1987	1988	1989
7318.12.00	646.4940 (100%)	-	-	-	-	12.5
		12.5	12.5	12.5	12.5	-

Table I.

Digest Title: Certain industrial fasteners
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	5,165	4,592	4,703	5,679	9,004
China.....	980	1,055	1,637	2,369	2,476
Japan.....	5,691	2,540	1,756	1,795	1,646
Canada.....	1,825	1,398	1,727	2,139	902
Korea.....	376	611	1,059	954	759
Hong Kong.....	157	343	603	731	636
Mexico.....	28	36	12	14	282
Italy.....	89	92	77	142	166
Thailand.....	0	0	0	0	54
West Germany.....	16	17	26	189	49
Singapore.....	0	0	0	0	23
Austria.....	0	0	1	0	21
Norway.....	0	0	2	0	12
France.....	11	2	0	11	4
Sweden.....	3	0	5	4	3
All other.....	280	263	258	145	2
Total.....	14,620	10,948	11,866	14,172	16,040
GSP Total 2/..	234	222	147	134	336
GSP+4 2/.....	5,931	5,768	6,512	7,498	10,758
Percent					
Taiwan.....	35.3	41.9	39.6	40.1	56.1
China.....	6.7	9.6	13.8	16.7	15.4
Japan.....	38.9	23.2	14.8	12.7	10.3
Canada.....	12.5	12.8	14.6	15.1	5.6
Korea.....	2.6	5.6	8.9	6.7	4.7
Hong Kong.....	1.1	3.1	5.1	5.2	4.0
Mexico.....	.2	.3	.1	.1	1.8
Italy.....	.6	.8	.6	1.0	1.0
Thailand.....	.0	.0	.0	.0	.3
West Germany.....	.1	.2	.2	1.3	.3
Singapore.....	.0	.0	.0	.0	.1
Austria.....	.0	.0	1/	.0	.1
Norway.....	.0	.0	1/	.0	.1
France.....	.1	1/	.0	.1	1/
Sweden.....	1/	.0	1/	1/	1/
All other.....	1.9	2.4	2.2	1.0	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.6	2.0	1.2	.9	2.1
GSP+4 2/.....	40.6	52.7	54.9	52.9	67.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain industrial fasteners
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	1,026	1,819	1,032	1,522	1,264
Jamaica.....	10	13	21	21	243
Japan.....	160	66	84	220	200
Canada.....	2,500	2,465	2,972	3,079	120
United Kingdom...	217	355	439	536	80
Italy.....	37	40	37	105	64
Australia.....	50	42	148	112	57
Denmark.....	2	21	16	3	55
France.....	189	71	69	128	52
Korea.....	67	235	206	354	33
Venezuela.....	7	45	11	40	29
Israel.....	67	107	48	57	29
Costa Rica.....	8	22	19	10	23
Brazil.....	9	38	5	23	21
Saudi Arabia.....	91	88	24	28	17
All other.....	747	1,186	1,538	2,061	120
Total.....	5,185	6,613	6,670	8,298	2,407
GSP Total 2/..	1,314	2,187	1,451	1,922	1,655
GSP+4 2/.....	1,626	2,936	2,364	3,131	1,701
Percent					
Mexico.....	19.8	27.5	15.5	18.3	52.5
Jamaica.....	.2	.2	.3	.3	10.1
Japan.....	3.1	1.0	1.3	2.7	8.3
Canada.....	48.2	37.3	44.6	37.1	5.0
United Kingdom...	4.2	5.4	6.6	6.5	3.3
Italy.....	.7	.6	.6	1.3	2.6
Australia.....	1.0	.6	2.2	1.3	2.4
Denmark.....	1/	.3	.2	1/	2.3
France.....	3.6	1.1	1.0	1.5	2.2
Korea.....	1.3	3.5	3.1	4.3	1.4
Venezuela.....	.1	.7	.2	.5	1.2
Israel.....	1.3	1.6	.7	.7	1.2
Costa Rica.....	.2	.3	.3	.1	1.0
Brazil.....	.2	.6	.1	.3	.9
Saudi Arabia.....	1.8	1.3	.4	.3	.7
All other.....	14.4	17.9	23.1	24.8	5.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	25.3	33.1	21.8	23.2	68.8
GSP+4 2/.....	31.4	44.4	35.4	37.7	70.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7413.00.10

STRANDED COPPER WIRE

Stranded Copper Wire

I. Introduction

Stranded copper wire: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7413.00.10	Stranded copper wire	4.9%	Yes	[***]

Description and uses.—Stranded copper wire is a wire product that is formed by cold drawing wire rod through a series of dies that successively reduce its diameter while achieving a proportional elongation; the strand is then formed by helically twisting individual wires around a central core. The primary uses of the stranded wire are to conduct or switch electrical current; uses of copper wire in building wire and power cable account for the bulk of industry shipments.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**70	**70	**70	**70	**-	**70
Employment (1,000 employees).....	**25	**25	**25	**25	**-	**25
Production (million dollars).....	**758	**783	**1,019	**1,374	**22	**1,467
Exports (million dollars).....	6	9	9	10	19	16
Imports (million dollars).....	5	12	17	21	61	21
Consumption (million dollars).....	**757	**786	**1,027	**1,385	**22	**1,472
Import to consumption ratio (percent).....	**1	**2	**2	**2	**32	**1
Capacity utilization (percent).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})

¹ Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

² This figure represents the average annual rate of change during 1985-1988.

³ Not available.

Comment.—There are about **70 U.S. companies that produce stranded copper wire. These companies include firms that are integrated (i.e., they mine and smelt copper ores, producing copper metal in cathode or continuous cast rod form from which copper wire is drawn), companies that purchase copper wire rod from which they draw and then strand wire, and companies that purchase wire which they strand and fabricate into wire products. Several of these companies are subsidiaries of large cable users for which their production represents captive consumption.¹ Production is fairly concentrated as six to eight companies account for the bulk of the industry's shipments; the remaining companies serve market- or geographic-specific segments.

¹See "Mill Products," Wire Technology International Buyers' Guide 1989/90, p. 157 and 177 for listings of companies producing bare copper wire and stranded copper wire.

U.S. companies have a comparative advantage over imports in terms of supplying a large unified market from plants that are competitive on a worldwide basis in the production of continuous cast copper rod, wire drawing, and stranding operations. The producers enjoy a competitive advantage in the U.S. market, based in part on the higher productivity of the domestic industry (offsetting the higher labor rates), and in part on the size of the domestic market, which allows significant economies of scale. Imports, generally composed of wires and strands of greater thicknesses and having a greater copper content than the domestically produced goods, compete with the domestically-produced product primarily in the basis of price, and are primarily used by independent cable companies. Domestic producers have a competitive advantage in terms of quality of the product, shorter delivery time, supplier reliability, and after-sales technical services.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	21,395	100	-	**1
Imports from GSP countries:				
Total ¹	17,302	81	100	**1
Peru.....	16,336	76	94	**1
Mexico.....	553	3	3	** ⁽²⁾
Turkey.....	413	2	2	** ⁽²⁾

¹There were no imports from Bolivia, Colombia, or Ecuador in 1989.

²Less than 0.5 percent.

Comment.—During 1985–87 imports from Peru accounted for less than 50 percent of imports from GSP countries and between 30 percent and 50 percent of total imports. As imports from other GSP countries declined, Peru's share increased. Peru's share of the U.S. market also increased with the sizeable increase in Peru's exports. The increased exports occurred [

] ¹

Imports from Mexico and Chile declined between 1986 and 1989 and totaled \$553,000 and zero, respectively in 1989. Reportedly imports from Mexico declined because of increased consumption in Mexico and government foreign exchange rate policies that lowered the return on exports. Chile was suspended from GSP eligibility effective on Jan. 1, 1988. During Chile's last full year of GSP eligibility, 1987, imports totaled \$2,276,000 (about 14 percent of total imports), declining to \$1,724,000 (8 percent of total imports) in 1988. Singapore and Korea were deleted from GSP eligibility effective Jan. 1, 1989; imports from both countries were negligible in 1988–89. Imports from Turkey increased to \$413,000 in 1989 from a level of zero in each of the years, 1985 through 1988.

¹Telephone conversation between the staff of the USITC and [

]

V. Position of interested parties

Petitioner.—The petitioner is the Foreign Trade Institute of Peru on behalf of the Government of Peru and the industry in Peru producing stranded copper wire. The petitioner contends that other GSP-beneficiary countries lost eligibility within the GSP program, or the domestic consumption within those countries rose, and that the combination of these factors left Peru as the dominant supplier in the GSP category by default during 1988-89. The petitioner contends that if GSP benefits were withdrawn at this time, Peru would be in the anomalous position of paying higher duties than Canada or Israel, two developed countries.

The petitioner also contends that imports from Peru do not compete with the U.S. industry because they are insignificant in the U.S. market in terms of either quantity or value; imports, it is argued, supplement domestic production during periods of excess demand because they are used as a semifinished good and the U.S. industry benefits from the quality and lower-cost nature of the imports. The petitioner contends that the Peruvian copper industry is competitive on a world-basis, because of the country's low cost and the high quality of its mined copper, but that the Peruvian wire industry is an infant industry that has been recently established, in part on the basis of purchased foreign-made equipment for which exports of stranded copper wire provided the means for repayment.

Opposition.—Southwire Company, supported by several other domestic companies,¹ opposes waiving the competitive need limits and restoring Peru's eligibility for duty-free GSP treatment. Southwire states that Peruvian producers of bare copper strand are fully competitive with producers in the United States and in third countries; that imports from Peru compete unfairly with the domestic like product by reason of subsidies and/or dumping, and exert a price suppression effect on prices in the domestic industry. Southwire further states that imports from Peru have increased irrespective of tariff levels, and, therefore, granting the waiver would have no beneficial impact on U.S. consumers. Southwire contends that imports from Peru surged between 1988 and 1989 (which becomes apparent in an examination of data covering the interim periods of July-December 1988 and 1989), and negatively impacts the segment of the domestic industry producing only stranded bare copper wire (which competes directly with Peruvian imports).

¹Prehearing Brief Submitted on Behalf of Southwire Company, Apr. 11, 1990 lists 15 companies producing a like product on pp. 3-4, and states that 6 support Southwire's opposition to the Petition.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col. 1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7413.00.10	642.0900 (100%)	-	-	-	-	4.9
		5.6	5.2	4.9	4.9	-

Table I.

Digest Title: Stranded copper wire
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Peru.....	60	596	5,129	12,784	16,336
Japan.....	1,209	829	1,167	2,292	2,558
Italy.....	67	147	199	460	906
Mexico.....	2,576	5,616	4,956	1,898	553
Turkey.....	0	0	0	0	413
Taiwan.....	33	241	118	35	252
United Kingdom...	111	10	9	123	181
West Germany.....	497	889	1,731	447	142
France.....	129	174	19	29	34
Switzerland.....	0	3	175	0	13
Canada.....	7	16	15	30	4
Netherlands.....	6	0	0	4	3
Sweden.....	0	0	67	7	1
Colombia.....	0	0	0	98	0
Chile.....	251	2,810	2,276	1,724	0
All other.....	95	376	794	916	0
Total.....	5,040	11,707	16,655	20,846	21,395
GSP Total 2/..	2,901	9,061	12,394	16,547	17,302
GSP+4 2/.....	2,935	9,448	13,203	17,342	17,554
Percent					
Peru.....	1.2	5.1	30.8	61.3	76.4
Japan.....	24.0	7.1	7.0	11.0	12.0
Italy.....	1.3	1.3	1.2	2.2	4.2
Mexico.....	51.1	48.0	29.8	9.1	2.6
Turkey.....	.0	.0	.0	.0	1.9
Taiwan.....	.6	2.1	.7	.2	1.2
United Kingdom...	2.2	.1	.1	.6	.8
West Germany.....	9.9	7.6	10.4	2.1	.7
France.....	2.6	1.5	.1	.1	.2
Switzerland.....	.0	1/	1.1	.0	.1
Canada.....	.1	.1	.1	.1	1/
Netherlands.....	.1	.0	.0	1/	1/
Sweden.....	.0	.0	.4	1/	1/
Colombia.....	.0	.0	.0	.5	.0
Chile.....	5.0	24.0	13.7	8.3	.0
All other.....	1.9	3.2	4.8	4.4	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	57.6	77.4	74.4	79.4	80.9
GSP+4 2/.....	58.2	80.7	79.3	83.2	82.0

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Stranded copper wire
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	453	446	1,052	1,483	4,945
Mexico.....	793	498	454	2,154	2,580
West Germany....	81	338	274	328	1,209
United Kingdom...	152	222	307	761	1,002
Japan.....	140	311	366	200	955
France.....	19	38	45	109	888
Syria.....	0	0	0	513	562
Philippines.....	281	12	0	12	395
Taiwan.....	184	165	80	95	264
Jamaica.....	33	66	100	153	258
Italy.....	18	588	683	293	181
Colombia.....	10	0	2	17	174
Sierra Leone.....	0	0	0	0	164
Trin & Tobago....	62	12	82	34	163
Belgium.....	14	17	68	35	154
All other.....	3,888	6,756	5,495	3,928	2,398
Total.....	6,130	9,470	9,008	10,115	16,293
GSP Total 2/..	3,304	5,440	1,648	4,512	5,575
GSP+4 2/.....	4,063	6,299	2,330	4,961	6,140
Percent					
Canada.....	7.4	4.7	11.7	14.7	30.4
Mexico.....	12.9	5.3	5.0	21.3	15.8
West Germany....	1.3	3.6	3.0	3.2	7.4
United Kingdom...	2.5	2.3	3.4	7.5	6.2
Japan.....	2.3	3.3	4.1	2.0	5.9
France.....	.3	.4	.5	1.1	5.4
Syria.....	.0	.0	.0	5.1	3.5
Philippines.....	4.6	.1	.0	.1	2.4
Taiwan.....	3.0	1.7	.9	.9	1.6
Jamaica.....	.5	.7	1.1	1.5	1.6
Italy.....	.3	6.2	7.6	2.9	1.1
Colombia.....	.2	.0	1/	.2	1.1
Sierra Leone.....	.0	.0	.0	.0	1.0
Trin & Tobago....	1.0	.1	.9	.3	1.0
Belgium.....	.2	.2	.8	.3	.9
All other.....	63.4	71.3	61.0	38.8	14.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	53.9	57.4	18.3	44.6	34.2
GSP+4 2/.....	66.3	66.5	25.9	49.0	37.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7801.91.00
UNWROUGHT ANTIMONIAL LEAD

Unwrought Antimonial Lead

I. Introduction

Unwrought antimonial lead: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7801.91.00	Unwrought antimonial lead	3.5% ^{1 2}	Yes	[***]

¹On the value of lead content.

²Special duty provisions apply. Duty temporarily reduced.

Description and uses.—Antimonial lead is an alloy of lead and antimony containing between 0.5 and 12 percent antimony depending on application. Antimonial lead in conventional vent-cap storage batteries contains 6–8 percent lead while low maintenance batteries typically contain 0.5–3 percent antimony. In 1988, almost 78 percent of antimonial lead was used in storage batteries and 4 percent was used in ammunition.

II. U.S. market profile

Profile of U.S. industry and market, 1985–89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*23	*23	*23	*23	*-	*23
Employment ³ (1,000 employees).....	3	2	2	2	-13	2
Shipments (1,000 dollars).....	*115,000	*130,000	*235,000	*240,000	*28	**257,000
Exports (1,000 dollars).....	645	1,064	522	568	-4	253
Imports (1,000 dollars).....	931	901	1,095	1,266	11	3,164
Consumption (1,000 dollars).....	*115,286	*129,837	*235,573	*240,698	*28	**259,911
Import to consumption ratio (percent).. ⁴	*1	*1	*1	*1	*-	**1
Capacity utilization (percent).....	*74	*74	*83	*87	*6	*89

¹Trade data for 1985–1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985–1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985–1988.

³Total primary and secondary smelter employment.

⁴Capacity utilization data is for total secondary lead production; antimonial lead production accounts for almost 50 percent of total secondary lead production.

Comment.—U.S. consumption of unwrought antimonial lead has continued to grow during 1985–1988 as storage battery demand reached new highs; the growth resulted in total battery shipments reaching their highest level since 1979. The largest growth market for antimonial lead has been for use in industrial and traction batteries which supply electrical energy for hospital computer systems, standby power supply for emergency lighting, and for electrical vehicles including fork lifts. Almost all antimonial lead produced in the United States is produced from secondary metal recovered from lead.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	3,164	100	-	**1
Imports from GSP countries:				
Total ¹	295	9	100	** (2)
Mexico.....	295	9	100	** (2)

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	<u>2</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u>X</u>	No ___
What is the price elasticity of U.S. demand?.....	High	<u>X</u>	Moderate ___ Low ___
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u>X</u>	No ___
Does the country have significant export markets besides the United States?.....	Yes	<u>X</u>	No ___
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u>X</u>	No ___
What is the price elasticity of import supply?.....	High	<u>X</u>	Moderate ___ Low ___
Price level compared with—			
U.S. products.....	Above ___	Equivalent ___	Below <u>X</u>
Other foreign products.....	Above ___	Equivalent ___	Below <u>X</u>
Quality compared with—			
U.S. products.....	Above ___	Equivalent <u>X</u>	Below ___
Other foreign products.....	Above ___	Equivalent <u>X</u>	Below ___

Comment.—Mexico is able to produce antimonial lead equal in quality and lower in price than U.S.-produced antimonial lead. U.S. consumers typically purchase higher-priced domestic antimonial lead because it is a more assured source of supply than the Mexican product. Mexico produces antimonial lead as a by-product of its silver production. Mexican production of antimonial lead is currently limited by low silver prices.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—U.S. consumers typically purchase higher-priced domestic antimonial lead because it is a more assured source of supply than the imported product.

V. Position of interested parties

Petitioner.—The Foreign Trade Institute of Peru, citing the healthy condition of the U.S. antimonial lead industry, stated that increased imports of antimonial lead from Peru would not adversely affect U.S. production or sales.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7801.91.00	624.0330 (10%)	-	-	-	-	3.5 ^{1 2}
		3.5 ^{1 2}	3.5 ^{1 2}	3.5 ^{1 2}	3.5 ^{1 2}	-

¹On the value of the lead content.

²Duty temporarily reduced.

Table I.

Digest Title: Unwrought antimonial lead
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	489	712	891	1,041	2,714
Mexico.....	67	58	124	134	295
United Kingdom...	81	94	48	14	154
Panama.....	0	2	0	0	0
Barbados.....	0	0	1	0	0
Bolivia.....	0	0	1	2	0
Brazil.....	0	0	0	1/	0
Netherlands.....	2	0	0	0	0
Belgium.....	1	0	21	0	0
West Germany.....	290	34	0	66	0
Switzerland.....	0	0	0	4	0
United Arab Em...	0	0	7	4	0
China.....	0	1	0	0	0
Mozambique.....	0	0	1	0	0
Total.....	931	901	1,095	1,266	3,164
GSP Total 2/..	67	60	128	136	295
GSP+4 2/.....	67	60	128	136	295
Percent					
Canada.....	52.5	79.0	81.4	82.2	85.8
Mexico.....	7.2	6.5	11.3	10.5	9.3
United Kingdom...	8.7	10.4	4.4	1.1	4.9
Panama.....	.0	.2	.0	.0	.0
Barbados.....	.0	.0	.1	.0	.0
Bolivia.....	.0	.0	.1	.2	.0
Brazil.....	.0	.0	.0	1/	.0
Netherlands.....	.2	.0	.0	.0	.0
Belgium.....	.1	.0	2.0	.0	.0
West Germany.....	31.2	3.8	.0	5.3	.0
Switzerland.....	.0	.0	.0	.3	.0
United Arab Em...	.0	.0	.6	.3	.0
China.....	.0	.1	.0	.0	.0
Mozambique.....	.0	.0	.1	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.2	6.7	11.7	10.7	9.3
GSP+4 2/.....	7.2	6.7	11.7	10.7	9.3

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Unwrought antimonial lead
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Sudan.....	0	16	0	22	100
Israel.....	0	0	0	0	78
Korea.....	1	22	160	27	37
Canada.....	236	348	100	172	14
Spain.....	2	0	0	0	11
Kuwait.....	0	0	0	0	7
Mexico.....	17	22	90	110	3
El Salvador.....	0	1	0	1	3
Panama.....	1	0	12	0	0
Bahamas.....	0	0	1	0	0
Jamaica.....	0	2	1	0	0
Dominican Rep....	0	0	4	0	0
Grenada.....	0	0	3	0	0
Barbados.....	1	0	0	0	0
Netherlands Ant..	0	0	0	6	0
All other.....	388	652	153	230	0
Total.....	645	1,064	522	568	253
GSP Total 1/..	45	133	141	203	184
GSP+4 1/.....	63	158	310	232	221
Percent					
Sudan.....	.0	1.5	.0	3.9	39.6
Israel.....	.0	.0	.0	.0	31.0
Korea.....	.2	2.1	30.6	4.7	14.7
Canada.....	36.6	32.7	19.1	30.3	5.5
Spain.....	.3	.0	.0	.0	4.4
Kuwait.....	.0	.0	.0	.0	2.8
Mexico.....	2.6	2.1	17.2	19.4	1.0
El Salvador.....	.0	.1	.0	.1	1.0
Panama.....	.1	.0	2.2	.0	.0
Bahamas.....	.0	.0	.2	.0	.0
Jamaica.....	.0	.2	.1	.0	.0
Dominican Rep....	.0	.0	.7	.0	.0
Grenada.....	.0	.0	.6	.0	.0
Barbados.....	.2	.0	.0	.0	.0
Netherlands Ant..	.0	.0	.0	1.1	.0
All other.....	60.1	61.3	29.3	40.5	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	7.0	12.5	27.0	35.8	72.6
GSP+4 1/.....	9.8	14.8	59.3	40.8	87.3

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 7901.20.00

UNWROUGHT ZINC ALLOYS

Unwrought Zinc Alloys

I. Introduction

Unwrought zinc alloys: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7901.20.00	Unwrought zinc alloys	19%	Yes	[***]

Description and uses.—The most common zinc alloys contain 96 percent zinc, 3 to 4 percent aluminum, and 0.25 to 1 percent copper. Over 95 percent of the zinc alloys consumed in the United States are used by zinc diecasters to produce items such as carburetor bodies, door hardware, automotive grills, plumbing fixtures, and cutlery.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*30	*30	*28	*26	*-2	*26
Employment (1,000 employees).....	**2	**2	**2	**2	**-	**2
Shipments (1,000 dollars).....	*236,000	*238,000	*255,000	*390,000	*18	*479,000
Exports (1,000 dollars).....	1,364	1,581	2,994	8,566	84	5,650
Imports (1,000 dollars).....	757	97	48	69	-55	278
Consumption (1,000 dollars).....	*235,393	*236,516	*252,054	*381,503	*17	*473,628
Import to consumption ratio (percent).. ³	*(³)	*(³)	*(^{3})	*(^{3})	*(^{3})	*(^{3})
Capacity utilization (percent).....	**70	**75	**80	**90	**9	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 0.5 percent.

Comment.—In the United States, companies that produce zinc alloys are independent from the primary zinc producers. U.S. zinc alloyers buy refined zinc from domestic and foreign zinc primary producers, melt the zinc and add the alloying metals, cast the molten metal into bars, and sell the bars to diecasters. Diecasters are predominantly small firms that typically order zinc alloys in small quantities. There are approximately 350 diecasters in the United States. Industry sources claim that U.S. primary producers do not participate to a major degree in the zinc alloy business because of the marketing expense necessary in dealing with many small customers.

The 19 percent tariff is high enough to result in virtually no imports of zinc alloys into the United States. Imports that have occurred are attributed by industry sources to small, odd-lot orders. Quality differences between foreign and domestic zinc alloys are minimal. Industry sources claim zinc alloys cost less in markets outside the United States. In other countries, zinc alloys are usually produced by the primary producers, who enjoy economies-of-scale advantages over the relatively small U.S. zinc alloy producers. In GSP countries like Peru and Mexico, the integrated

zinc producers also have labor cost advantages, lower environmental costs, and higher quality mineral deposits, enabling them to produce zinc alloys at a lower cost than U.S. producers.

U.S. zinc alloy producers are located in the same regions as the diecasters and have a transportation cost advantage over potential foreign suppliers. Diecasters are most concerned with price although U.S. zinc alloy producers claim they have an advantage over potential foreign suppliers because they provide services to the diecasters, such as technical support, product development, and financing. Foreign suppliers would likely have to make significant investments to provide similar services in the U.S. market.

The increase in zinc alloy shipments in 1988 and 1989 is attributed almost entirely to an increase in the price of zinc, which has increased by 100 percent since 1987. By quantity, the consumption of zinc alloys remained fairly flat during 1985-1989.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	278	100	-	*(¹)
Imports from GSP countries:				
Total ²	19	7	100	*(¹)
Mexico.....	19	7	100	*(¹)

¹Less than 0.5 percent.

²There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Mexico produced about **20,000 metric tons of zinc alloys in 1988. Mexico apparently consumes most of this production domestically and is a minor exporter of zinc alloys. However, the country produces almost 200,000 metric tons per year of refined zinc and exports a significant portion of this production. Industry sources indicate it would not be difficult for Mexican primary producers to expand zinc alloy production.

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... (¹)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with¹—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

Quality compared with¹—

U.S. products..... Above ___ Equivalent ___ Below ___

Other foreign products..... Above ___ Equivalent ___ Below ___

¹There were no imports of zinc alloys from Peru in 1989.

Comment.—[

]

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Peru (GOP) is requesting GSP status for zinc alloys. According to the GOP, Peru is traditionally an exporter of zinc and would like to expand zinc alloy exports as part of the country's plan to increase foreign sales of higher value-added products. The GOP claims that Peruvian zinc alloys are uncompetitive in the U.S. market because of the present tariff. Moreover, they claim GSP status will result in increased exports to the United States, which will create jobs in Peru and improve the standard of living of the Peruvian zinc workers.

Opposition.—The Independent Zinc Alloyers Association (IZAA), a trade group representing U.S. zinc alloyers, is opposed to the granting of GSP status for Peruvian zinc alloys. IZAA claims that U.S. zinc alloyers provide important services to their diecast customers, such as research and development, engineering, and financing services. IZAA further claims that Peruvian zinc alloy imports would damage the zinc alloyers and reduce their ability to provide these services, which would damage the diecasting industry. According to IZAA, the zinc alloy and diecasting industries have already suffered significant damage because of the increased imports of downstream products, and they should not be subjected to more damage by granting GSP status. IZAA also claims that Peruvian zinc alloys are of poor quality, and their use in the United States could pose a safety problem to the public.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
7901.20.00	626.0400 (100%)	-	-	-	-	19
		19	19	19	19	-

Table I.

Digest Title: Unwrought zinc alloys
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Rep So Africa....	0	0	0	0	184
Canada.....	63	64	47	57	69
Mexico.....	0	31	0	0	19
Belgium.....	0	0	0	11	6
Argentina.....	695	0	0	0	0
United Kingdom...	0	1	0	0	0
Italy.....	0	0	0	1	0
Japan.....	0	0	1	0	0
Total.....	757	97	48	69	278
GSP Total 1/..	695	31	0	0	19
GSP+4 1/.....	695	31	0	0	19
Percent					
Rep So Africa....	.0	.0	.0	.0	66.2
Canada.....	8.3	66.4	97.7	81.9	24.9
Mexico.....	.0	32.2	.0	.0	6.8
Belgium.....	.0	.0	.0	16.1	2.2
Argentina.....	91.7	.0	.0	.0	.0
United Kingdom...	.0	1.4	.0	.0	.0
Italy.....	.0	.0	.0	2.0	.0
Japan.....	.0	.0	2.3	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	91.7	32.2	.0	.0	6.8
GSP+4 1/.....	91.7	32.2	.0	.0	6.8

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Unwrought zinc alloys
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	106	347	1,844	3,520	4,288
Taiwan.....	373	810	747	872	455
Hong Kong.....	0	2	5	99	411
Mexico.....	85	58	73	69	89
Jamaica.....	0	0	11	68	70
Egypt.....	250	0	0	0	43
Korea.....	86	15	0	2,252	36
Israel.....	56	0	0	9	36
United Arab Em...	0	0	0	0	34
Netherlands.....	19	0	0	54	32
Ecuador.....	0	0	44	0	31
Dominican Rep....	0	4	2	0	22
India.....	34	33	0	84	20
Syria.....	0	0	0	0	16
Nigeria.....	0	0	0	0	11
All other.....	356	313	268	1,539	56
Total.....	1,364	1,581	2,994	8,566	5,650
GSP Total 1/..	693	136	275	311	362
GSP+4 1/.....	1,151	963	1,035	3,545	1,264
Percent					
Canada.....	7.7	21.9	61.6	41.1	75.9
Taiwan.....	27.4	51.2	24.9	10.2	8.0
Hong Kong.....	.0	.1	.2	1.2	7.3
Mexico.....	6.2	3.6	2.4	.8	1.6
Jamaica.....	.0	.0	.4	.8	1.2
Egypt.....	18.3	.0	.0	.0	.8
Korea.....	6.3	1.0	.0	26.3	.6
Israel.....	4.1	.0	.0	.1	.6
United Arab Em...	.0	.0	.0	.0	.6
Netherlands.....	1.4	.0	.0	.6	.6
Ecuador.....	.0	.0	1.5	.0	.5
Dominican Rep....	.0	.3	.1	.0	.4
India.....	2.5	2.1	.0	1.0	.4
Syria.....	.0	.0	.0	.0	.3
Nigeria.....	.0	.0	.0	.0	.2
All other.....	26.1	19.8	9.0	18.0	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	50.8	8.6	9.2	3.6	6.4
GSP+4 1/.....	84.4	60.9	34.6	41.4	22.4

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 8211.91.20

STAINLESS STEEL FLATWARE VALUED UNDER 25¢ EACH, NOT IN SETS

Stainless Steel Flatware Valued Under 25¢ Each, Not in Sets¹

I. Introduction

Stainless steel flatware valued under 25¢ each, not in sets: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8211.91.20	Stainless steel table knives with handles containing nickel or over 10 percent manganese by weight	22.4	Yes	[***]
8211.91.30	Other stainless steel table knives	17.2	Yes	[***]
8215.99.01	Stainless steel table forks with handles containing nickel or over 10 percent manganese by weight	23.8	Yes	[***]
8215.99.10	Other stainless steel table forks	19.7	Yes	[***]
8215.99.30	Stainless steel spoons and ladles	17.0 ¹	Yes	[***]

¹Percent ad valorem.

Description and uses.—Stainless steel flatware valued at less than 25¢ per piece generally contains lower percentages of nickel or chrome than higher-value products and may be of a lighter gauge or weight. Purchasers of the lower-value flatware are primarily institutional users such as cafeterias, the military, or certain hotel and restaurant chains.

¹This digest includes the following HTS subheadings: 8211.91.20, 8211.91.30, 8215.99.01, 8215.99.10, and 8215.99.30.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*8	*6	4	3	-28	3
Employment (1,000 employees).....	*3	*3	2	2	-13	2
Shipments (1,000 dollars)..... [***]
Exports (1,000 dollars).....	892	908	1,348	1,944	30	3,512
Imports (1,000 dollars).....	45,260	45,586	45,946	46,611	1	48,927
Consumption (1,000 dollars)..... [***]
Import to consumption ratio (percent)... [***]
Capacity utilization (percent)..... [***]

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Several domestic producers of low-value flatware sell large quantities of product to the military which is subject to "Buy American laws." Price considerations play a larger role in purchasing decisions for consumers of low-value flatware than for purchasers of higher-value products; domestic producers have automated in recent years to reduce manufacturing costs. In addition, domestic producers emphasize service and reliability.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	48,927	100	-	[***]
Imports from GSP countries:				
Total.....	2,678	5	100	[***]
Philippines.....	1,261	3	47	[***]
Mexico.....	1,069	2	40	[***]
Indonesia.....	137	(²)	5	[***]
Thailand.....	59	(²)	2	[***]

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

Comment.—Increased imports from Southeast Asian GSP countries are reportedly due to investment in new flatware facilities by Japanese and Korean manufacturers. German manufacturers have also located a subsidiary in Thailand.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—Low-value flatware is purchased primarily on the basis of price. However, some domestic firms compete by emphasizing service and other are guaranteed some sales because of military "buy American" provisions.

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—Low-value flatware is purchased primarily on the basis of price. However, some domestic firms compete by emphasizing service and other are guaranteed some sales because of military "buy American" provisions.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1989..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Low-value flatware is purchased primarily on the basis of price. However, some domestic firms compete by emphasizing service and other are guaranteed some sales because of military "buy American" provisions.

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Low-value flatware is purchased primarily on the basis of price. However, some domestic firms compete by emphasizing service and other are guaranteed some sales because of military "buy American."

V. Position of interested parties

Petitioner.—The government of Colombia has petitioned to have stainless steel flatware valued at less than 25¢ added to GSP eligibility. The petitioner argues that exports of such items to the United States could provide foreign exchange and up to 160 additional jobs (including many at Medellin, the location of one of two Colombian flatware facilities).

Opposition.—The American Iron and Steel Institute (AISI) opposes the addition of articles under 8211.91 to the list of GSP-eligible products. AISI cites past negative effects of GSP treatment for downstream steel products.

A representative of domestic stainless flatware manufacturers (Oneida Ltd.; Utica Cutlery, Inc.; and Royal Silver Manufacturing, Inc.) spoke in opposition to the proposal, noting that while there was little concern about increased imports from Colombia alone, other GSP countries would likely increase imports to the United States significantly.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem and ad valorem equivalents)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
8211.91.20	650.1020 (100%)	-	-	-	-	22.4
		22.2	23.3	(¹)	20	-
8211.91.30	650.0820 (100%)	-	-	-	-	17.2
		18.6	18.6	18.2	17.9	-
8215.99.01	650.4020 (100%)	-	-	-	-	23.8
		26.6	27.3	24.8	25.7	-
8215.99.10	650.3820 (100%)	-	-	-	-	19.7
		22.2	22.8	22.1	20.7	-
8215.99.30	650.5420 (100%)	-	-	-	-	17
		17	17	17	17	-

¹Not available.

Table I.

Digest Title: Stainless steel tableware valued under 25 each, not in sets
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	16,261	13,555	14,274	18,387	20,579
Korea.....	17,856	22,775	20,283	16,187	11,322
Taiwan.....	8,630	7,859	8,152	8,585	8,610
China.....	1,956	970	2,033	1,791	5,328
Philippines.....	0	0	369	690	1,261
Mexico.....	0	0	81	555	1,069
Hong Kong.....	417	350	561	284	246
Indonesia.....	0	0	0	0	137
Canada.....	17	11	0	0	108
India.....	0	8	0	0	60
Thailand.....	1	5	8	2	59
West Germany.....	1	3	0	0	48
Brazil.....	40	16	127	6	41
Kenya.....	3	0	0	36	32
Tunisia.....	3	0	0	0	18
All other.....	74	35	59	87	9
Total.....	45,260	45,586	45,946	46,611	48,927
GSP Total 2/..	81	28	594	1,292	2,678
GSP+4 2/.....	26,984	31,012	29,590	26,348	22,856
Percent					
Japan.....	35.9	29.7	31.1	39.4	42.1
Korea.....	39.5	50.0	44.1	34.7	23.1
Taiwan.....	19.1	17.2	17.7	18.4	17.6
China.....	4.3	2.1	4.4	3.8	10.9
Philippines.....	.0	.0	.8	1.5	2.6
Mexico.....	.0	.0	.2	1.2	2.2
Hong Kong.....	.9	.8	1.2	.6	.5
Indonesia.....	.0	.0	.0	.0	.3
Canada.....	1/	1/	.0	.0	.2
India.....	.0	1/	.0	.0	.1
Thailand.....	1/	1/	1/	1/	.1
West Germany.....	1/	1/	.0	.0	.1
Brazil.....	.1	1/	.3	1/	.1
Kenya.....	1/	.0	.0	.1	.1
Tunisia.....	1/	.0	.0	.0	1/
All other.....	.2	.1	.1	.2	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.2	.1	1.3	2.8	5.5
GSP+4 2/.....	59.6	68.0	64.4	56.5	46.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Stainless steel tableware valued under 25 each, not in sets
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	37	40	45	387	2,078
Canada.....	167	276	401	661	680
Japan.....	63	19	16	66	142
United Kingdom...	15	20	229	143	94
Australia.....	64	53	69	49	81
Venezuela.....	66	15	39	24	71
West Germany.....	10	4	16	40	53
France.....	10	27	31	17	42
Dominican Rep....	11	32	7	12	26
Bahamas.....	22	26	23	16	22
Taiwan.....	1	1	12	12	17
Jamaica.....	19	35	32	11	15
Bermuda.....	5	21	10	5	14
Belgium.....	5	2	1	2	12
Paraguay.....	0	0	0	4	11
All other.....	396	337	417	494	154
Total.....	892	908	1,348	1,944	3,512
GSP Total 1/..	405	394	477	787	2,328
GSP+4 1/.....	423	419	524	841	2,348
Percent					
Mexico.....	4.2	4.4	3.3	19.9	59.2
Canada.....	18.7	30.4	29.8	34.0	19.4
Japan.....	7.1	2.1	1.2	3.4	4.0
United Kingdom...	1.7	2.3	17.0	7.4	2.7
Australia.....	7.1	5.8	5.1	2.5	2.3
Venezuela.....	7.4	1.6	2.9	1.2	2.0
West Germany.....	1.1	.5	1.2	2.0	1.5
France.....	1.2	3.0	2.3	.9	1.2
Dominican Rep....	1.3	3.5	.5	.6	.8
Bahamas.....	2.5	2.9	1.7	.8	.6
Taiwan.....	.1	.1	.9	.6	.5
Jamaica.....	2.2	3.9	2.4	.6	.4
Bermuda.....	.6	2.3	.8	.3	.4
Belgium.....	.5	.2	.1	.1	.3
Paraguay.....	.0	.0	.0	.2	.3
All other.....	44.4	37.1	31.0	25.4	4.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	45.4	43.4	35.4	40.5	66.3
GSP+4 1/.....	47.4	46.1	38.9	43.3	66.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 8211.91.25

STAINLESS STEEL FLATWARE VALUED AT 25¢ EACH OR GREATER, NOT IN SETS

Stainless Steel Flatware Valued At 25¢ Each Or Greater, Not In Sets¹

I. Introduction

Stainless steel flatware valued at 25¢ each or greater, not in sets: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8211.91.25	Stainless steel table knives with handles containing nickel or over 10 percent manganese by weight	8.9%	Yes	[***]
8211.91.40	Other stainless steel table knives	7.2%	Yes	[***]
8215.99.05	Stainless steel table forks with handles containing nickel or over 10 percent manganese by weight	9%	Yes	[***]
8215.99.15	Other stainless steel table forks	7.4%	Yes	[***]
8215.99.35	Stainless steel spoons and ladles	8.5% ¹	Yes	[***]

¹Percent ad valorem.

Description and uses.—Stainless steel flatware valued at 25¢ or greater generally contains higher percentages of nickel or chrome than lower value products and may be of a thicker gauge or greater weight than lower priced products. End markets for higher grade flatware include high-end department stores and institutional users such as hotel chains or restaurants, as well as individual consumers.

¹This digest includes the following HTS subheadings: 8211.91.25, 8211.91.40, 8215.99.05, 8215.99.15, and 8215.99.35.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*8	*6	4	3	-28	3
Employment (1,000 employees).....	*3	*3	2	2	-13	2
Shipments (1,000 dollars)..... [***]
Exports (1,000 dollars).....	2,081	2,119	3,145	4,536	30	8,194
Imports (1,000 dollars).....	31,189	29,104	28,430	41,782	10	47,894
Consumption (1,000 dollars)..... [***]
Import to consumption ratio (percent)... [***]
Capacity utilization (percent)..... [***]

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—[

]

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	47,894	100	-	[***]
Imports from GSP countries:				
Total.....	823	2	100	[***]
Brazil.....	419	1	51	[***]
Mexico.....	229	(²)	28	[***]
Thailand.....	104	(²)	13	[***]

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

Comment.—Increasing imports from Thailand are reportedly a result of investment in new flatware facilities by Japanese, German, and Korean manufacturers.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—Most purchases of high-end flatware are viewed by consumers as a long term investment and small differences in price may be less important than considerations such as design preference or brand name loyalty.

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in the short term?..... Yes X No

Does the country have significant export markets besides the United States?..... Yes No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment.—Most purchases of high-end flatware are viewed by consumers as a long term investment and small differences in price may be less important than considerations such as design preference or brand name loyalty.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes ___ No X

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Most purchases of high-end flatware are viewed by consumers as a long term investment and small differences in price may be less important than considerations such as design preference or brand name loyalty.

V. Position of interested parties

Petitioner.—The government of Columbia has petitioned to have stainless steel flatware valued at 25¢ or greater added to GSP eligibility. The petitioner argues that exports of such items to the United States could provide foreign exchange and up to 160 additional jobs (including many at Medellin, the location of one of two Colombian flatware facilities).

Opposition.—The American Iron and Steel Institute (AISI) opposes the addition of articles under 8211.91 to the list of GSP-eligible products. AISI cites past negative effects of GSP treatment for downstream steel products.

A representative of domestic stainless flatware manufacturers (Oneida Ltd.; Utica Cutlery, Inc.; and Royal Silver Manufacturing, Inc.) spoke in opposition to the proposal, noting that while there was little concern about increased imports from Colombia alone, other GSP countries would likely increase imports to the United States significantly.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col. 1 rates of duty, 1985-89

(Percent ad valorem)¹

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
8211.91.25	650.1220 (100%)	-	-	-	-	11.3
		8.8	8.8	8.9	8.8	-
8211.91.40	650.0925 (100%)	-	-	-	-	13.8
		7.2	7.1	7.2	7.2	-
8215.99.05	650.4220 (100%)	-	-	-	-	10.8
		9.2	9.2	9.1	9.3	-
8215.99.15	650.3925 (100%)	-	-	-	-	13.5
		7.6	7.6	7.4	7.4	-
8215.99.35	650.5525 (100%)	-	-	-	-	11.8
		8.5	8.5	8.5	8.5	-

¹Ad valorem equivalent.

Table I.

Digest Title: Stainless steel tableware valued at 25 each or greater, not in sets
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Korea.....	10,570	10,539	11,558	20,148	19,925
Japan.....	13,886	12,287	9,166	10,764	13,135
Taiwan.....	4,027	3,741	4,964	7,132	8,881
China.....	50	155	120	587	2,646
West Germany.....	1,347	895	833	1,137	777
Brazil.....	217	140	201	303	419
France.....	169	329	400	251	364
Hong Kong.....	210	143	303	205	356
Italy.....	227	287	263	232	317
United Kingdom...	46	112	108	376	314
Mexico.....	3	2	19	173	229
Portugal.....	63	62	81	72	151
Thailand.....	6	16	47	60	104
Spain.....	134	129	22	36	85
Kenya.....	3	0	0	8	59
All other.....	231	267	344	299	131
Total.....	31,189	29,104	28,430	41,782	47,894
GSP Total 2/..	264	209	345	582	823
GSP+4 2/.....	15,116	14,670	17,242	28,097	30,020
Percent					
Korea.....	33.9	36.2	40.7	48.2	41.6
Japan.....	44.5	42.2	32.2	25.8	27.4
Taiwan.....	12.9	12.9	17.5	17.1	18.5
China.....	.2	.5	.4	1.4	5.5
West Germany.....	4.3	3.1	2.9	2.7	1.6
Brazil.....	.7	.5	.7	.7	.9
France.....	.5	1.1	1.4	.6	.8
Hong Kong.....	.7	.5	1.1	.5	.7
Italy.....	.7	1.0	.9	.6	.7
United Kingdom...	.1	.4	.4	.9	.7
Mexico.....	1/	1/	.1	.4	.5
Portugal.....	.2	.2	.3	.2	.3
Thailand.....	1/	.1	.2	.1	.2
Spain.....	.4	.4	.1	.1	.2
Kenya.....	1/	.0	.0	1/	.1
All other.....	.7	.9	1.2	.7	.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.8	.7	1.2	1.4	1.7
GSP+4 2/.....	48.5	50.4	60.6	67.2	62.7

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Stainless steel tableware valued at 25 each or greater, not in sets
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	87	93	104	902	4,849
Canada.....	389	643	936	1,543	1,586
Japan.....	147	44	38	155	331
United Kingdom...	35	48	533	334	218
Australia.....	149	123	160	113	189
Venezuela.....	155	35	92	55	166
West Germany.....	23	10	38	93	124
France.....	24	64	72	40	98
Dominican Rep....	26	75	16	29	62
Bahamas.....	51	61	53	36	52
Taiwan.....	3	2	27	28	39
Jamaica.....	45	83	74	26	34
Bermuda.....	12	48	24	13	33
Belgium.....	11	4	3	5	28
Paraguay.....	0	0	0	10	26
All other.....	925	786	974	1,153	359
Total.....	2,081	2,119	3,145	4,536	8,194
GSP Total 1/..	946	919	1,113	1,836	5,433
GSP+4 1/.....	987	977	1,222	1,962	5,480
Percent					
Mexico.....	4.2	4.4	3.3	19.9	59.2
Canada.....	18.7	30.4	29.8	34.0	19.4
Japan.....	7.1	2.1	1.2	3.4	4.0
United Kingdom...	1.7	2.3	17.0	7.4	2.7
Australia.....	7.1	5.8	5.1	2.5	2.3
Venezuela.....	7.4	1.6	2.9	1.2	2.0
West Germany.....	1.1	.5	1.2	2.0	1.5
France.....	1.2	3.0	2.3	.9	1.2
Dominican Rep....	1.3	3.5	.5	.6	.8
Bahamas.....	2.5	2.9	1.7	.8	.6
Taiwan.....	.1	.1	.9	.6	.5
Jamaica.....	2.2	3.9	2.4	.6	.4
Bermuda.....	.6	2.3	.8	.3	.4
Belgium.....	.5	.2	.1	.1	.3
Paraguay.....	.0	.0	.0	.2	.3
All other.....	44.4	37.1	31.0	25.4	4.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	45.4	43.4	35.4	40.5	66.3
GSP+4 1/.....	47.4	46.1	38.9	43.3	66.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 8215.20.00

CERTAIN SETS OF ASSORTED TABLEWARE ARTICLES

Certain Sets of Assorted Tableware Articles

I. Introduction

Certain sets of assorted tableware articles: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8215.20.00	Certain sets of assorted tableware articles	15%	Yes	[***]

Description and uses.—Sets of flatware may be comprised of any number of pieces which are packaged and sold together. Sets are the most common means of distribution for all types of flatware.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ² 1989	
Producers (number).....	*8	*6	4	3	-28	3
Employment (1,000 employees).....	*3	*3	2	2	-13	2
Shipments (1,000 dollars).....[***]
Exports (1,000 dollars).....	5,932	5,206	4,936	5,523	*-2	2,025
Imports (1,000 dollars).....	5,849	6,741	8,941	11,378	25	21,907
Consumption (1,000 dollars).....[***]
Import to consumption ratio (percent)..[***]
Capacity utilization (percent).....[***]

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Domestic producers of all types of flatware package and sell a large percentage of their product in sets. In some cases (particularly the higher quality, upper end sales) packaging design or name recognition may give domestic producers a competitive advantage. For purchases of lower value flatware in bulk sets, however, price and service are the principal points of competition.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	21,907	100	-	[***]
Imports from GSP countries:				
Total ¹	514	2	100	[***]
Thailand.....	325	1	63	[***]
Brazil.....	67	(²)	13	[***]
Tunisia.....	61	(²)	12	[***]
Argentina.....	43	(²)	8	[***]

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

Comment.—Increasing imports from Thailand are reportedly a result of investment in new flatware facilities by Japanese, German, and Korean manufacturers.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes No X

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No X

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

V. Position of interested parties

Petitioner.—The Government of Colombia has petitioned to have sets of stainless steel flatware added to GSP eligibility. The petitioner argues that exports of such items could provide foreign exchange and up to 160 jobs (including many at Medellin, the location of one of two Colombian flatware facilities).

Opposition.—A representative of domestic stainless flatware manufacturers (Oneida Ltd.; Utica Cutlery, Inc.; and Royal Silver Manufacturing, Inc.) spoke in opposition to the proposal, noting that while there was little concern about increased imports from Colombia alone, other GSP countries would likely increase imports to the United States significantly.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col. 1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
8215.20.00		-	-	-	-	15 ¹
	651.7505 (5%)	(2)	(2)	(2)	(2)	-
	651.7550 (10%)	(2)	(2)	(2)	(2)	-

¹Ad valorem equivalent.

²Not available.

Table I.

Digest Title: Certain sets of assorted tableware articles
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Korea.....	956	1,158	1,709	2,738	8,595
Japan.....	2,433	1,889	1,730	2,168	6,239
Taiwan.....	1,796	2,953	4,423	5,279	5,037
China.....	21	16	41	218	629
France.....	40	81	116	164	361
Thailand.....	15	8	33	64	325
Italy.....	144	107	113	148	278
West Germany.....	139	115	296	128	72
Brazil.....	14	9	78	1	67
Tunisia.....	0	0	0	0	61
Hong Kong.....	142	223	183	263	58
United Kingdom...	43	45	33	44	50
Argentina.....	0	0	0	0	43
Belgium.....	1	1/	1/	1	33
Kenya.....	1	0	3	0	18
All other.....	105	137	183	162	42
Total.....	5,849	6,741	8,941	11,378	21,907
GSP Total 2/..	73	87	185	164	514
GSP+4 2/.....	2,968	4,422	6,503	8,447	14,204
Percent					
Korea.....	16.3	17.2	19.1	24.1	39.2
Japan.....	41.6	28.0	19.3	19.1	28.5
Taiwan.....	30.7	43.8	49.5	46.4	23.0
China.....	.4	.2	.5	1.9	2.9
France.....	.7	1.2	1.3	1.4	1.6
Thailand.....	.3	.1	.4	.6	1.5
Italy.....	2.5	1.6	1.3	1.3	1.3
West Germany.....	2.4	1.7	3.3	1.1	.3
Brazil.....	.2	.1	.9	1/	.3
Tunisia.....	.0	.0	.0	.0	.3
Hong Kong.....	2.4	3.3	2.0	2.3	.3
United Kingdom...	.7	.7	.4	.4	.2
Argentina.....	.0	.0	.0	.0	.2
Belgium.....	1/	1/	1/	1/	.2
Kenya.....	1/	.0	1/	.0	.1
All other.....	1.8	2.0	2.0	1.4	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.3	1.3	2.1	1.4	2.3
GSP+4 2/.....	50.7	65.6	72.7	74.2	64.8

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain sets of assorted tableware articles
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	331	370	673	1,035	760
Canada.....	1,115	817	876	780	346
United Kingdom...	555	661	431	464	166
Philippines.....	29	51	65	279	61
Greece.....	13	0	1	22	53
Trin & Tobago....	26	23	2	8	51
New Zealand.....	49	26	20	45	51
Ireland.....	2	21	1	3	49
Saudi Arabia.....	841	219	175	158	47
Korea.....	204	127	320	221	43
Venezuela.....	57	122	214	97	41
Taiwan.....	23	24	51	50	34
Jamaica.....	53	4	6	11	29
Australia.....	130	150	215	275	25
Hong Kong.....	22	57	19	35	24
All other.....	2,483	2,532	1,867	2,039	244
Total.....	5,932	5,206	4,936	5,523	2,025
GSP Total 2/..	1,459	1,667	1,557	2,192	1,104
GSP+4 2/.....	1,922	1,978	2,122	2,733	1,206
Percent					
Mexico.....	5.6	7.1	13.6	18.7	37.5
Canada.....	18.8	15.7	17.7	14.1	17.1
United Kingdom...	9.4	12.7	8.7	8.4	8.2
Philippines.....	.5	1.0	1.3	5.0	3.0
Greece.....	.2	.0	1/	.4	2.6
Trin & Tobago....	.4	.4	1/	.1	2.5
New Zealand.....	.8	.5	.4	.8	2.5
Ireland.....	1/	.4	1/	.1	2.4
Saudi Arabia.....	14.2	4.2	3.6	2.9	2.3
Korea.....	3.4	2.4	6.5	4.0	2.1
Venezuela.....	1.0	2.3	4.3	1.8	2.0
Taiwan.....	.4	.5	1.0	.9	1.7
Jamaica.....	.9	.1	.1	.2	1.4
Australia.....	2.2	2.9	4.4	5.0	1.3
Hong Kong.....	.4	1.1	.4	.6	1.2
All other.....	41.8	48.6	37.8	36.9	12.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	24.6	32.0	31.5	39.7	54.5
GSP+4 2/.....	32.4	38.0	43.0	49.5	59.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 8301.10.60

CERTAIN PADLOCKS

Certain Padlocks

I. Introduction

Certain padlocks: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8301.10.60	Padlocks of base metal of cylinder or pin tumbler construction, not over 3.8 cm in width	6.1%	Yes	[***]

Description and uses.—The padlocks included in this digest are locking devices used to secure doors, fences, and other similar articles. They are portable or detachable devices incorporating a pivoted or sliding hasp, which passes through a staple, ring, or similar article to make the padlock secure.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	**10	**10	**10	**10	**-	**10
Employment (1,000 employees).....	**1	**1	**1	**1	**-	**1
Shipments (1,000 dollars).....	**25,000	**26,000	**28,000	**30,000	**6	**35,000
Exports (1,000 dollars).....	939	725	957	1,199	8	1,444
Imports (1,000 dollars).....	4,343	4,872	5,484	5,978	11	7,029
Consumption (1,000 dollars).....	**28,404	**30,147	**32,527	**34,779	**7	**40,585
Import to consumption ratio (percent)...	**15	**16	**17	**17	**4	**17
Capacity utilization (percent).....	**75	**75	**75	**75	**-	**75

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. competitive advantage stems primarily from its relatively advanced manufacturing technology and its ability to distribute a wide range of products. In addition, U.S. padlock producers provide product warranties and other aftersale services that are not normally made available by foreign suppliers.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	7,029	100	-	**17
Imports from GSP countries:				
Total ¹	9	(²)	100	**(²)
Brazil.....	7	(²)	78	**(²)
Philippines.....	2	(²)	22	**(²)

¹There were no imports from the Andean countries (Bolivia, Colombia, Ecuador, and Peru) in 1989.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

V. Position of interested parties

Petitioner.—The petitioner (The Foreign Trade Institute of Peru) argues that the inclusion of this product in the GSP would permit Peru to strengthen its production and initiate a process of higher investments in order to make it more efficient and competitive in the U.S. market. An exemption of duties, it is argued, would allow Peru the same duty-free treatment accorded the countries of the "Caribbean Basin Economic Recovery Act" and Israel.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
8301.10.60	646.8300 (15%)	-	-	-	-	6.1
		7.3	6.7	6.1	6.1	-

Table I.

Digest Title: Certain padlocks
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	2,561	2,651	3,191	2,953	3,278
China.....	589	821	818	1,274	2,754
Hong Kong.....	712	743	968	1,365	581
West Germany.....	299	372	368	158	129
Canada.....	2	0	18	37	115
Belgium.....	0	0	0	0	113
Japan.....	70	89	14	1	17
Italy.....	40	104	38	27	14
Spain.....	0	0	1	0	11
Brazil.....	10	3	4	1	7
Korea.....	44	0	0	148	5
Philippines.....	0	3	2	2	2
Australia.....	0	0	0	0	2
Switzerland.....	0	59	0	0	1
Sweden.....	0	1	0	0	0
All other.....	16	25	64	13	0
Total.....	4,343	4,872	5,484	5,978	7,029
GSP Total 2/..	12	26	14	3	9
GSP+4 2/.....	3,329	3,421	4,172	4,469	3,873
Percent					
Taiwan.....	59.0	54.4	58.2	49.4	46.6
China.....	13.6	16.9	14.9	21.3	39.2
Hong Kong.....	16.4	15.3	17.6	22.8	8.3
West Germany.....	6.9	7.6	6.7	2.6	1.8
Canada.....	1/	.0	.3	.6	1.6
Belgium.....	.0	.0	.0	.0	1.6
Japan.....	1.6	1.8	.3	1/	.2
Italy.....	.9	2.1	.7	.5	.2
Spain.....	.0	.0	1/	.0	.2
Brazil.....	.2	.1	.1	1/	.1
Korea.....	1.0	.0	.0	2.5	.1
Philippines.....	.0	.1	1/	1/	1/
Australia.....	.0	.0	.0	.0	1/
Switzerland.....	.0	1.2	.0	.0	1/
Sweden.....	.0	1/	.0	.0	.0
All other.....	.4	.5	1.2	.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.3	.5	.2	.1	.1
GSP+4 2/.....	76.6	70.2	76.1	74.7	55.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain padlocks
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	522	433	506	720	685
United Kingdom...	39	45	115	89	142
Mexico.....	95	38	47	44	92
Korea.....	30	16	26	18	76
West Germany.....	5	6	6	24	56
Australia.....	39	19	87	53	44
Japan.....	12	20	23	18	36
Rep So Africa....	9	2	1	7	35
Bermuda.....	1/	1/	0	1/	25
Taiwan.....	2	4	2	8	21
New Zealand.....	20	16	11	17	19
Netherlands.....	16	13	23	21	19
Singapore.....	2	2	7	3	16
Switzerland.....	1	1	0	5	15
Italy.....	15	11	15	27	12
All other.....	132	99	89	144	149
Total.....	939	725	957	1,199	1,444
GSP Total 2/..	167	105	97	133	201
GSP+4 2/.....	208	136	137	170	326
Percent					
Canada.....	55.6	59.7	52.8	60.1	47.5
United Kingdom...	4.2	6.2	12.0	7.4	9.8
Mexico.....	10.2	5.3	4.9	3.6	6.3
Korea.....	3.2	2.3	2.7	1.5	5.3
West Germany.....	.5	.8	.6	2.0	3.9
Australia.....	4.1	2.6	9.0	4.4	3.1
Japan.....	1.3	2.8	2.4	1.5	2.5
Rep So Africa....	1.0	.3	.1	.6	2.5
Bermuda.....	1/	1/	.0	1/	1.8
Taiwan.....	.2	.5	.2	.6	1.5
New Zealand.....	2.2	2.2	1.1	1.4	1.3
Netherlands.....	1.7	1.8	2.4	1.8	1.3
Singapore.....	.3	.2	.8	.2	1.1
Switzerland.....	.1	.1	.0	.4	1.0
Italy.....	1.5	1.5	1.6	2.3	.8
All other.....	14.0	13.6	9.3	12.0	10.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	17.7	14.5	10.1	11.1	13.9
GSP+4 2/.....	22.2	18.7	14.3	14.2	22.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 8712.00.20
CERTAIN BICYCLES AND PARTS

Certain Bicycles and Parts¹

I. Introduction

Certain bicycles and parts: Harmonized Tariff Schedule (HTS) subheadings for digest products; a short description; U.S. col. 1 rates of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8712.00.20	Bicycles with both wheels over 65 cm, weighing less than 16.3 kg, and cross-sectional diameter not over 4 cm.	5.5%	Yes	[***]
8714.91.10	Bicycle frames	4.9%	Yes	[***]
8714.91.90	Forks and parts of frames and forks	10%	Yes	[***]

Description and uses.—Traditionally, bicycles having both wheels exceeding 65 cm in diameter and weighing less than 16.3 kg have been the lightweight type used for racing, touring, and exercise. This classification reflects differences in wheel size as well as in design and equipment; the two most important identifying characteristics are the cross-sectional diameter of the tires and the shape of the frame. For tariff classification purposes, "the diameter of each wheel is the diameter measured to the outer circumference of the tire which is mounted thereon or, if none is mounted thereon, of the usual tire for such wheel" (see Additional U.S. Note 2 to chapter 87 of the HTS). Popular lightweight models include 10-, 12-, and 15-speed bicycles, having wheels with 27- and 26-inch diameters, and either 1-1/4-inch, 1-3/8-inch, or, occasionally, 2-1/8-inch tires. In the mid-1980s about half of all bicycles sold in the United States were lightweights.

However, in recent years, certain bicycles sold under such names as all terrain bicycles (ATBs), mountain bicycles (MTBs), city bicycles, and cruisers have grown rapidly in popularity and probably exceeded lightweights in sales in 1989 and may have captured half of the market. This fact is important because of a change in a Customs Service classification practice made in 1989 (currently suspended while the ruling is being appealed by the domestic industry) which allows certain of these bicycles, often referred to generically as ATBs, to be entered under 8712.00.20 at 5.5 percent ad valorem. Prior to that ruling, virtually all ATBs were classified under 8712.00.30 at 11 percent ad valorem. Thus, current U.S. import statistics understate the possible magnitude and future trends of imports of bicycles under subheading 8712.00.20.

The classification ruling focused on the wording of subheading 8712.00.20 which includes the language (bicycles) "not designed for use with tires having a cross-sectional diameter exceeding 4 cm." Most ATBs have relatively wide knobby tires, usually about 2-1/8 inches (5.4 cm). The frame frequently has been sturdier in construction and designed for use "off the road," i.e., for use on dirt trails, beaches, or similar terrain. They have wider upright handlebars (as opposed to the drop down type found on most lightweights) and softer seats to absorb the shock from trails or from the pot holes of urban areas. Many baby boom age adults have been graduating to this type of bicycle as they age because of its more indulgent treatment of the body.

Most bicycle forks and frames are manufactured by producers of finished bicycles. Producers who specialize only in making frames usually manufacture high-quality specialty-type frames. The frame generally consists of the basic triangular shaped tubing to which the rest of the parts are attached. Customs has detailed rulings distinguishing between a frame and a frame set. Forks are supplied by at least one independent producer for bikes sold to mass merchandisers. The fork is the tubing to which the front wheels and the headset of the bicycle are attached. The headset is the tube assembly to which the handlebars are attached.

¹This digest includes the following HTS subheadings: 8712.00.20, 8714.91.10, and 8714.91.90.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number) ³	*10	*9	*49	*10	*0	*10
Employment (1,000 employees).....	**3	**2	**2	**2	**13	**2
Shipments (million dollars).....	**235	**205	**210	**155	**13	**160
Exports (million dollars).....	2	4	2	4	40	6
Imports (million dollars).....	200	245	282	245	7	160
Consumption (million dollars).....	**434	**446	**490	**396	**3	**13
Import to consumption ratio (percent).....	**46	**55	**58	**62	**10	**51
Capacity utilization (percent).....	*47	*52	*55	*50	*2	*55

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Does not include numerous small specialty frame builders who build bicycles to the requirements of individual riders.

⁴The 1987 Census of Manufactures reported five firms producing frames and forks, and parts thereof, valued at \$5 million. However, with the exception of one known commercial-scale producer of forks, most of these firms are believed to be builders of specialty frames.

⁵The Bicycle Manufacturers Association of America, Inc., estimates that, on a quantity basis, U.S. imports of lightweight bicycles accounted for about 68 percent of the U.S. market in 1989.

Comment.—The principal articles covered in this digest are lightweight bicycles, frames for bicycles, forks for bicycles, and parts of frames and forks. The petition from Colombia covered a narrow segment for each of these articles, namely, 27-inch professional racing bicycles. All of the U.S. producers of bicycles make lightweights. They also make their frames and many make the forks. Almost all producers who sell frames separately make highly specialized, high quality, expensive products, with frame geometries often determined by body measurements of individual riders. There is only one known commercial scale independent producer of forks who also supplies many other parts for lightweight bicycles.

The data given above show estimates of the aggregate market for these products. Lightweight bicycles account for by far the largest share of the total and dominate the trends. On a value basis, the ratio of imports to consumption increased from **46 percent in 1985 to **62 percent in 1988 and then decreased to **51 percent in 1989. However, on a quantity basis, the Bicycles Manufacturers Association of America, Inc., (BMA) estimates that U.S. imports of lightweight bicycles accounted for *68 percent of the U.S. market for lightweights in 1989. This trend reflects sharp drops in imports from Taiwan, Korea, and Japan, the principal suppliers of imported lightweights, primarily in response to sharp appreciation of their currencies against the U.S. dollar. In response, U.S. importers have searched for other suppliers. China, Thailand, and Mexico are seen as the most promising future suppliers by industry sources, with some also pointing to India and Indonesia as likely suppliers in the more distant future. The principal suppliers of U.S. imports of frames in 1989 were Italy, Taiwan, and Japan. Mexico, the largest GSP supplier, was a distant sixth overall. The principal suppliers of U.S. imports of forks, and parts of frames and forks, in 1989 were Taiwan, Japan, and Italy. Again, although top among GSP suppliers, Mexico was a distant sixth overall.

As can be seen in the data above, U.S. producers' shipments, U.S. imports, and U.S. consumption all recorded marked declines between 1985 and 1989. This reflected changes in the demand for bicycles in the U.S. market. The most important trend was a decrease in the absolute demand for lightweight bicycles as well as a decrease in the share of the total market for bicycles accounted for by lightweights. BMA estimates their share of the U.S. market decreased from *50 percent of the quantity in 1985 to *32 percent in 1989. At the same time, demand for ATBs/MTBs increased dramatically and the category in which these bicycles are grouped by BMA increased sharply during 1985-89, from *8 percent of the quantity to *32 percent. BMA also estimates that U.S. imports of lightweights accounted for *68 percent of the quantity of the market in 1989, making it the most

import impacted of the three categories upon which BMA reports statistics. U.S. imports accounted for 43 percent of the U.S. bicycle market in the ATB/MTB category in 1989 and 40 percent in the 20-inch category.

Another important aspect of the U.S. market is major market segmentation into bicycles sold through independent bicycle dealers and bicycles sold through volume mass merchandisers. The products imported from Colombia are sold in an even more specialized market segment, that for professional bicycle racers where each bicycle is usually made to the body specifications of the rider for which it is designed. Bicycle dealers sell about 25 to 30 percent of all bicycles sold in the U.S. market with the remainder selling through the volume market. The most intense price competition from imports of lightweight bicycles is in the less expensive bicycles sold in the volume market. Bicycles sold in the dealer market (and the specially produced ones) compete more on the basis of quality and brand name. Producers of dealer bikes in the United States, such as Trek, Cannondale, Raleigh, and Schwinn, have certain niches in the market, but most of them import certain bicycles which they cannot produce economically in the United States. Quality, service, and brand name loyalty are major factors in the dealer segment of the market, where many of the buyers are dedicated cyclists.

With regard to frames and forks, and parts thereof, official statistics on shipments are available for 1987 only. Such shipments amounted to \$5 million, U.S. imports to \$11.6 million, and U.S. exports to \$2.4 million; the import penetration ratio was 82 percent.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	159,684	100	-	**51
Imports from GSP countries:				
Total ¹	801	(²)	100	**(²)
Thailand.....	452	(²)	59	**(²)
Mexico.....	274	(²)	36	**(²)
Ecuador.....	21	(²)	3	**(²)
Colombia.....	18	(²)	2	**(²)

¹ There were no imports from these Andean countries (Bolivia and Peru) in 1989.

² Less than 0.5 percent.

Comment.—Total U.S. imports of the digest products from GSP countries were small in 1989, amounting to less than one-half of one percent of total imports. Thailand and Mexico were the largest suppliers, accounting for 59 percent and 36 percent, respectively, of GSP imports. The Andean countries of Ecuador and Colombia accounted for only 3 percent and 2 percent, respectively, of GSP imports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Ecuador for all digest products

Ranking as a U.S. import supplier, 1989..... 17

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 18

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No

What is the price elasticity of U.S. demand?..... High Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes No

Does the country have significant export markets besides the
United States?..... Yes No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes No

What is the price elasticity of import supply?..... High Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989.....	N/A		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>

Comment.—The industry in Colombia producing lightweight bicycles, bicycle frames and forks, and parts of frames and forks is small. According to the petitioner, the articles which would be produced for export to the United States are high quality 12-speed lightweight professional racing bicycles with 27-inch wheels, and the frames and forks of such bicycles, produced by one firm. The petitioner indicates that, although a number of small firms manufacture bicycles and parts in Colombia, only Industrias Canopus Ltda. has the capability of exporting to the United States. This firm employs 19 workers directly and 20 indirectly. Annual production capacity is 1,800 bicycles; the company is currently operating at 55 percent of capacity. The company does not now export these bicycles or the forks to the United States, to Latin American countries, or to Canada. Instead, Industrias Canopus exports a small amount of bicycle frames, almost all to the United States. The petitioner states that tubing used to produce these frames is supplied by True Temper Cycle Products, a subsidiary of Black and Decker, Memphis, Tennessee. Under an agreement with Greg LeMond, winner of the 1989 Tour de France, the frames are manufactured in Colombia for use by the Plymouth Reebok Cycling Team in California. The final assembly of the bikes is done in California. The petitioner asserts that the quality of the parts used in the Colombian bicycles, frames, and other parts is comparable to that of similar articles from France, Italy, and Japan, the principal import competitors for these specialized racing bicycles, but that the Colombian articles cannot compete on price because of the lack of economies of scale.

The industry in Thailand is export oriented toward western markets and its capacity has increased significantly in the last several years. An industry source¹ reports that the two major export firms have been granted export promotional privileges from the Board of Investment of Thailand, a government organization. The main markets are Europe and the United States, but bicycles are also exported to neighboring Southeast Asia countries. The major factors behind the shift to Thailand are the appreciation of the value of the Japanese Yen and the New Taiwan dollar relative to the U.S. dollar. In addition, Thailand has an abundant supply of young workers and a relatively low wage relative to the U.S. dollars rates, about \$3.44 per day (86 bahts at 4 cents per baht) for factory workers. Most of the workers are reported to be in their early twenties. This source considered the political risk to be low. It also notes that there is a close tie between bicycle producers in Thailand and those in Taiwan (where most bicycle imported into the U.S. market now come from) and speculates that the reason for this may be that "...the majority of bike makers and managers of trading companies are of Chinese descent...." The number of producers of bicycles is estimated to be about 20, and the number of producers of parts is about 50. Total annual production is estimated to be about 1 million bicycles. The size of the domestic market in Thailand is about 500,000 units. The Export Promotion Department of Thailand reported that total exports of bicycles from Thailand increased from \$169,000 in 1986 to \$7.0 million in 1988.²

¹All information in this section is compiled from a number of articles in Cycle Press International, a Japanese publication specializing in reporting on the bicycle industry.

²The currency was converted by the U.S. International Trade Commission using 1 baht=\$0.04.

The oldest continuously operating company (from 1963), Thai Bicycle Industry Co., Ltd., had an annual production capacity of about 600,000 units and made 400,000 units in 1989. It supplied about 56 percent of the Thai market, 280,000 bicycles. The remaining 120,000 units were exported to Europe and Southeast Asia, primarily the United Kingdom, France, and Laos. It also exports to Belgium, Sweden, West Germany, Denmark, Switzerland, Norway, Holland, Finland, Ireland, Italy, and Singapore. The firm exports all types of bicycles, including lightweights and makes most of its own parts, including frames and forks, except for those for MTBs. The firm employs about 1,200 workers at peak production. The firm is expecting authorization from the government for a new plant in 1990 which will emphasize the production of frames and forks and will have assembly and painting facilities for bicycles.

The other major producer and exporter in Thailand is Siam Cycle Mfg. (1987), a quality oriented producer with an estimated annual capacity of 2 million bicycles, about twice current annual production. This company was formed in 1987 from the second largest producer, Union Cycle, when the firm slumped. Siam Steel Group, Kent International (a major U.S. importer and U.S. producer of mass merchandise bicycles), and Union's parts supplier, Taipei Bicycle of Taiwan, formed Siam Cycle as a joint venture. The factory reportedly is fully renovated and has modern machinery. The firm is expecting approval by the government this year of designation as a bond factory which will give it favorable tariff treatment for exports. Like Thai Bicycle, Siam Cycle produces virtually all of its own parts, including frames and forks, either in its bicycle factory or in one of its two subsidiary companies in Thailand which produce parts of bicycles. One of these subsidiaries is a joint venture formed in 1988 with another U.S. company, American Cycle System, a large importer of bicycle parts which once was a large U.S. producer of parts before switching entirely to imports. Production is estimated to have been 250,000 to 300,000 bicycles in 1988 and 500,000 to 600,000 in 1989. Currently, Kent is a major U.S. importer of these bicycles. The firm also expects to export 80,000 bicycles per month to Europe in 1990.

Mexico, the second leading GSP supplier of articles covered in this digest, may also be a future potential major supplier of these articles to the U.S. market because of recent investment in a bicycle factory by another U.S. producer of bicycles.¹ Late in 1989, Bicycle Corporation of America (BCA) entered a joint venture agreement with Acer-Mex of Mexico. Under the agreement, BCA will provide technological expertise and will market bicycles, including lightweight bicycles, and parts made by Acer-Mex in North America and Europe. Acer-Mex operates a bicycle factory in Naucalpan and a parts factory in Mexico City, together employing 480 workers. Reportedly, the factories are equipped with modern facilities with a capacity to produce 600,000 bicycles per year. These bicycles are sold through toy stores and other mass merchandisers under the Windsor brand name.

Another GSP country which some U.S. industry spokesmen see as a future major supplier of lightweight bicycles to the U.S. market is India. A recent report in Cycle Press International indicated that the government of India may have identified the bicycle industry as a likely large earner of hard currency. India is reported to be the fourth largest producer country of bicycles in the world, behind China, Taiwan, and Japan. Outside of China, Hero Cycles is estimated to have the largest single-company annual production (2.54 million units) in the world. The decision to target bicycles for export growth may have prompted India recently to provide significant government support through various concessions to the bicycle and bicycle parts industries. These concessions are reported to include reduction in the import duties on state of the art bicycle production machinery from 85 percent to 35 percent, provision of raw materials at world prices, the refunding of taxes applied on domestically-acquired raw materials for export-oriented products, and no taxes against the profits of companies wholly dedicated to exporting. The report stated that parts producers have been the most responsive to these incentives so far, some shifting entirely to exporting, and that two U.S. producers, Huffy (the largest U.S. producer) and Roadmaster, reportedly expressed interest in obtaining parts from India at a recent industry show in Milan. Reportedly, "... India is now investing massive amounts of money for upgrading their capital facilities." However, India has a reputation of having problems with the quality of the bicycles it has supplied to world markets in the past. Most of the export orders reported are for Eastern Europe and the Union of Soviet Socialist Republics, where quality standards are much below those for most western countries.

¹The information on Mexico is also taken from a report in Cycle Press International.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau submitted this petition on behalf of INCOMEX and PROEXPO, which have general responsibility within the Colombian government for GSP petitions. The petitioner believes that granting GSP would help Industrias Canopus Ltda. to overcome a competitive disadvantage in exporting 27-inch lightweight racing bicycles, their frames, their forks, and parts of such frames and forks, to the United States compared with such articles from Italy, France, and Japan, the other principal suppliers of this type of bicycle to the U.S. market. The petition states that the parts used are comparable in quality to those used by these suppliers but are not competitive in price because of the lack of economies of scale. The petitioner believes that GSP would help overcome this price differential. By increasing production, granting of GSP would lead to higher employment, profits, and reinvestment in bicycle producing firms and their suppliers. The petitioner asserts that the only other GSP country that would benefit from designation of HTS subheading 8712.00.20 as GSP eligible would be Mexico. The petitioner suggests that, rather than deny GSP should imports from Mexico be considered a threat to the domestic industry, GSP should be restricted only to Colombia, other Andean countries, and to other GSP beneficiaries determined not to be competitive in the U.S. market. The petitioner states that bicycles receive preferential duty-free treatment from Japan and the EC.

Opposition.—The Bicycle Manufacturers Association of America, Inc. (BMA), opposes the granting of duty-free treatment for all products covered in this digest. BMA states that the petitions should be denied because bicycles are an "import-sensitive" product. It believes that reductions of tariffs on bicycles historically have led to a direct and immediate increase in U.S. imports. BMA believes that, during the past decade, the U.S. bicycle industry has been decimated by imports, particularly from low-wage countries. In particular, BMA states the lightweight segment of the market covered by this petition has been the most severely affected by imports. In addition, it points out that U.S. imports of bicycle frames and frame parts have also increased. BMA alleges that U.S. bicycle producers have been injured by low-priced imports and will be further injured if lightweight bicycles and bicycle frames and frame parts are made GSP-eligible.

BMA also notes that the all-terrain bicycle (ATB) segment of the market may be severely hurt if Colombia's petitions are granted. This contention would be true if a U.S. Customs Service ruling currently under protest by BMA is allowed to stand. This ruling would switch certain ATBs into the lightweight bicycle HTS subheading upon which Colombia is seeking GSP treatment.

BMA states that bicycle producers in newly industrialized nations other than Colombia have lower costs of production than producers in traditionally industrialized nations. Therefore, it contends that countries other than Colombia (Brazil, Hungary, India, Indonesia, Malaysia, Mexico, Poland, and Thailand) will benefit if GSP treatment is given to bicycles and bicycle frames.

BMA believes that granting GSP treatment for lightweight bicycles would confer substantial benefits on countries that are not GSP beneficiaries. In order to meet the quality standards required in the U.S. market, developing countries would have to import certain parts (most of which are not produced in the United States) from non-GSP countries, particularly Japan and Taiwan.

BMA believes that, if Colombia's petitions are granted, certain GSP bicycle-producing countries (Brazil; Hungary, India, Indonesia, Malaysia, Mexico, Poland, and Thailand) should be deemed "fully competitive" and excluded from GSP eligibility.

The Cycle Parts and Accessories Association, Inc. (CPAA), opposes the granting of GSP to certain bicycles and parts as requested by Colombia. CPAA states that the Trade Policy Staff Committee found bicycles to be import sensitive within the context of the GSP program in 1977 when it refused to grant GSP benefits to India and Brazil. Although CPAA opposes the request for certain parts, CPAA believes that the major threat of this petition is directed toward the finished bicycle industry. This in turn would threaten the viability of the bicycle parts industry because the bicycle industry is the main customer of the parts industry. Both industries, it contends, are import sensitive and have suffered loss of market share to low cost imports since 1977. CPAA states that U.S. imports now account for over 50 percent of the U.S. market for bicycles and for 70 percent of the U.S. market for bicycle parts. CPAA believes Colombia's request is frivolous because Colombia would not benefit from granting of GSP. CPAA argues that this is true because of Colombia's low level of infrastructure and no export experience with bicycles and only \$26,000 worth of exports of frames to the United States in 1989. Further, it argues, the GSP countries, that would benefit such as Thailand, are already competitive in the U.S. market and would receive a windfall from the granting of GSP.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheadings	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
8712.00.20		-	-	-	-	5.5
	732.1400 (100%)	11	11	11	11	-
	732.1600 (100%)	4.7	5.8	5.5	6.8	-
	732.1800 (100%)	5.5	5.5	5.5	5.5	-
8714.91.10		-	-	-	-	4.9
	732.3000 (100%)	9.2	8.2	7.2	7.2	-
	732.3200 (100%)	7.7	6.8	5	4.7	-
	732.3400 (100%)	5.6	5.2	4.9	4.9	-
8714.91.90		-	-	-	-	10
	732.4230 (005%)	11.7	10.8	10	10	-

Table I.

Digest No.
87120020Digest Title: Certain bicycles and parts
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	115,407	151,684	184,331	158,567	111,033
Korea.....	7,281	12,764	31,166	38,110	16,415
Japan.....	55,109	61,474	44,876	25,961	13,014
China.....	179	2	816	1,698	7,318
Italy.....	6,496	8,556	6,950	5,298	5,424
France.....	12,479	8,060	7,586	5,054	1,846
Canada.....	21	96	3,687	8,162	1,456
Hong Kong.....	52	309	213	250	1,229
Belgium.....	199	554	648	396	552
Thailand.....	187	8	1	2	452
United Kingdom...	316	230	528	809	400
Mexico.....	271	383	683	593	274
West Germany.....	314	78	329	32	99
Singapore.....	28	4	256	1/	33
Chile.....	0	0	0	25	32
All other.....	2,099	860	408	158	106
Total.....	200,439	245,063	282,479	245,115	159,684
GSP Total 2/..	741	410	784	697	801
GSP+4 2/.....	123,510	165,171	216,750	197,626	129,511
Percent					
Taiwan.....	57.6	61.9	65.3	64.7	69.5
Korea.....	3.6	5.2	11.0	15.5	10.3
Japan.....	27.5	25.1	15.9	10.6	8.1
China.....	.1	1/	.3	.7	4.6
Italy.....	3.2	3.5	2.5	2.2	3.4
France.....	6.2	3.3	2.7	2.1	1.2
Canada.....	1/	1/	1.3	3.3	.9
Hong Kong.....	1/	.1	.1	.1	.8
Belgium.....	.1	.2	.2	.2	.3
Thailand.....	.1	1/	1/	1/	.3
United Kingdom...	.2	.1	.2	.3	.3
Mexico.....	.1	.2	.2	.2	.2
West Germany.....	.2	1/	.1	1/	.1
Singapore.....	1/	1/	.1	1/	1/
Chile.....	.0	.0	.0	1/	1/
All other.....	1.0	.4	.1	.1	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.4	.2	.3	.3	.5
GSP+4 2/.....	61.6	67.4	76.7	80.6	81.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest Title: Certain bicycles and parts
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	164	224	262	619	1,092
West Germany.....	41	52	191	430	879
Italy.....	6	48	45	60	585
Taiwan.....	393	748	598	186	582
Japan.....	56	44	120	430	548
Switzerland.....	8	10	37	252	479
Mexico.....	196	62	83	484	440
United Kingdom...	187	1,536	136	305	419
New Zealand.....	2	1	10	89	229
Austria.....	0	1/	4	33	213
Australia.....	36	45	65	173	173
Netherlands.....	22	284	129	88	100
Guatemala.....	1	4	0	11	99
France.....	52	95	67	300	82
Colombia.....	14	25	31	26	68
All other.....	365	408	648	758	483
Total.....	1,544	3,585	2,427	4,244	6,471
GSP Total 2/..	473	302	391	911	870
GSP+4 2/.....	896	1,168	1,231	1,199	1,498
Percent					
Canada.....	10.6	6.2	10.8	14.6	16.9
West Germany.....	2.7	1.5	7.9	10.1	13.6
Italy.....	.4	1.3	1.9	1.4	9.0
Taiwan.....	25.5	20.9	24.6	4.4	9.0
Japan.....	3.7	1.2	4.9	10.1	8.5
Switzerland.....	.5	.3	1.5	5.9	7.4
Mexico.....	12.7	1.7	3.4	11.4	6.8
United Kingdom...	12.1	42.8	5.6	7.2	6.5
New Zealand.....	.1	1/	.4	2.1	3.5
Austria.....	.0	1/	.2	.8	3.3
Australia.....	2.3	1.3	2.7	4.1	2.7
Netherlands.....	1.4	7.9	5.3	2.1	1.5
Guatemala.....	1/	.1	.0	.3	1.5
France.....	3.4	2.7	2.7	7.1	1.3
Colombia.....	.9	.7	1.3	.6	1.1
All other.....	23.6	11.4	26.7	17.9	7.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	30.6	8.4	16.1	21.5	13.4
GSP+4 2/.....	58.0	32.6	50.7	28.2	23.1

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 9502.10.40

NONSTUFFED DOLLS NOT OVER 33 CM IN HEIGHT

Nonstuffed Dolls Not Over 33 cm in Height

I. Introduction

Nonstuffed dolls not over 33 cm in height: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
9502.10.40	Nonstuffed dolls not over 33 cm in height	12%	Yes	[***]

Description and uses.—This digest covers nonstuffed dolls, whether or not dressed, not over 33 cm in height. Digest products include dolls that are "Barbie"-sized and smaller. Dolls portray, serve as an image of, or present a lifelike imitation of a human being. They may be used for the amusement of children or adults, or for decoration¹. Dolls are usually made of rubber, plastic, vinyl, ceramic, or textile. They may be jointed, and have mechanisms that permit limb, or head movement.

Nonstuffed dolls are generally constructed with plastic or vinyl torsos; however, they may also be made of textile material and filled with materials such as plastic beads or crushed nutshells. Nonstuffed dolls may also have plastic, metal, or other hard parts incorporated in the torso. Nonstuffed dolls differ from stuffed dolls by the material used to produce the torso. Customs regards dolls as stuffed for tariff purposes when the stuffing material imparts the shape and form to the torso of the figure. However, when a hard ceramic or plastic overlay or chest plate is used along with the stuffing material, Customs considers the length of the chest plate in determining whether a doll is stuffed or not. If the chest plate extends below the top of the bust line, that is, below the top of the breasts, then the item is considered nonstuffed since the chest plate, rather than the stuffing material, is imparting the shape and form to the torso². The head, arms, and legs of both types of dolls may be of hard material such as vinyl or ceramic.

Nonstuffed dolls covered by this digest may be divided into two broad categories, toy dolls for play, and dolls for collection or decoration not generally considered for children's play. Of these two categories, toy dolls are by far the most significant in terms of trade in digest products. Collectible dolls generally are made larger than 33 cm in height, although smaller collectible dolls are also produced. In general, collectible dolls are more expensive than play dolls at the retail level; however, there can be considerable price overlap between the higher priced play dolls and the lower priced collectibles.

Nonstuffed toy dolls of the type covered by this digest may be further subdivided into three groups: baby dolls, fashion/action-adventure dolls, and mini-dolls. The baby dolls are available in many forms and in varying degrees of realism. The fashion/action-adventure dolls, such as Barbie and G.I. Joe, appeal to older children as a means to represent or simulate adult behavior. The third group, mini-dolls, includes other small dolls.

¹U.S. Customs Service Ruling CLA-2 CO:R:C:G 081201, Tariff classification of certain troll figures, October 3, 1988.

²U.S. Customs Service Ruling CLA-2 CO:R:C:G 085293, Tariff classification of certain bride dolls, December 6, 1989.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*28	*28	*26	*24	*-5	*24
Employment (number employees).....	*340	*330	*330	*310	*-3	*310
Shipments (1,000 dollars).....	*31,000	*29,000	*27,000	*25,500	*-6	*26,000
Exports (1,000 dollars).....	196	285	307	678	51	860
Imports (1,000 dollars).....	161,351	212,973	193,582	177,280	3	255,446
Consumption (1,000 dollars).....	*192,155	*241,688	*220,275	*202,102	*2	*280,586
Import to consumption ratio (percent).....	*84	*88	*88	*88	*2	*91
Capacity utilization (percent).....	*75	*72	*70	*70	*-2	*70

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Shipments data include value of imported components.

Comment.—The United States is the world's largest market for the nonstuffed dolls covered by this digest. Domestic production of digest products is concentrated mostly in the assembly and finishing of baby dolls and the manufacturing of smaller higher value collectible dolls that do not generally compete with imported dolls. A large percentage of domestic production involves the finishing and assembly of dolls by large toy firms from imported doll parts. Domestic shipments, estimated at *\$26 million in 1989, were down from *\$31 million in 1985 as production continued to move offshore.

The U.S. doll industry has moved offshore, for the most part, because of the high labor requirements involved in doll manufacturing and finishing. This is especially true for the cutting and sewing doll clothing. One segment of the domestic non-collectible doll industry that has remained, however, involves the final assembly and finishing operations for certain dolls.

The imports-to-consumption ratio for nonstuffed dolls covered by this digest rose from *84 percent in 1985 to *91 percent in 1989. The domestic industry producing nonstuffed dolls not over 33 cm in height consists of approximately *25 establishments, of these, about *8 establishments have *20 employees or more. The remainder of the industry consists of small manufacturers of high value dolls.

Apparent U.S. consumption of nonstuffed dolls increased sharply between 1985 and 1986 to *\$242 million, the result of the tail-end of the "Cabbage Patch Kids" fad. As consumer interest in dolls waned after 1986, consumption fell to near the pre-1985 levels as the industry failed to introduce new "hit" toy dolls. Consumer interest in dolls again picked up in 1989, and consumption rebounded to *\$279 million, as doll buyers recover from the earlier glut of dolls initiated by interest in "Cabbage Patch Kids" dolls.

Domestic employment in the doll industry has declined steadily during the past five years. Employment for production of digest products was estimated at 310 in 1989, down from 340 employees in 1985. This decline occurred as the toy industry continued to shift its emphasis from domestic manufacturing to marketing, distribution, and design. The lower labor costs available overseas, especially in Asia, has led the large U.S. toy producers to shift production to these areas by either establishing production facilities there, or by contracting for production through Asian manufacturers.

The major U.S. nonstuffed doll producers supply the mid-priced dolls, especially baby dolls, action/adventure, and fashion dolls. These domestic firms generally purchase doll parts overseas and assemble and finish them domestically. Small doll manufacturing firms generally produce higher value dolls, especially the smaller collectible dolls.

U.S. exports of digest products in 1989 amounted to \$860,000, up from \$196,000 in 1985. U.S. exports of nonstuffed dolls consist primarily of unfinished goods intended for further processing

and reexport to the United States. During the period 1985-89, there were also some very limited exports of higher value collectible dolls.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	255,446	100	-	*91
Imports from GSP countries: ¹				
Total.....	40,868	16	100	*15
Malaysia.....	29,703	12	73	*11
Mexico.....	6,003	2	15	*2
Philippines.....	2,215	1	5	*1
Macao.....	1,204	(2)	2	(2)

¹ There were no imports from these Andean countries (Bolivia and Ecuador) in 1989.

² Less than 0.5 percent.

Comment.—Imports from GSP-eligible suppliers of digest products increased from \$19 million in 1985 to \$41 million in 1989. Imports of digest products from Malaysia, the largest GSP supplier, increased from \$2 million in 1985 to nearly \$30 million in 1989. Much of this increase occurred as manufacturers in Hong Kong and Taiwan began shifting production to lower labor cost areas such as Malaysia which remains eligible for GSP benefits, and to China. A significant portion of imports from Mexico were from maquiladora plants in that country. Imports from developed countries, especially West Germany, are specialty products and include collectible dolls and other high-value dolls similar in quality to many U.S. products. Imports from Columbia and Peru together amounted to \$7 thousand in 1989.

Imports of small nonstuffed dolls from CBERA-designated countries rose from \$18,000 in 1985 to \$74,000 in 1989. Guatemala accounted for over 86 percent of these imports in 1989. Imports of digest products from Israel declined from \$8,000 in 1985 to \$5,000 in 1989. Imports from column 2 sources were negligible.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No

What is the price elasticity of U.S. demand?..... High X Moderate Low

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No

Does the country have significant export markets besides the
United States?..... Yes X No

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No

What is the price elasticity of import supply?..... High X Moderate Low

Price level compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with—

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP suppliers and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Imports from GSP-eligible suppliers of digest products compete with certain segments of U.S. producers of digest products. Imports from Malaysia, the largest GSP-eligible supplier, are slightly higher in quality and price compared with imports from China, the largest supplier of digest products, but lower in quality and price compared with other Asian suppliers such as Hong Kong and Taiwan. Malaysia has retained GSP eligibility and as such, manufacturers in Hong Kong and other non-GSP-eligible countries are a beginning to move production there to take advantage of GSP treatment for dolls.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau states in their petition that extending GSP treatment to products covered in this digest would greatly assist the Colombian toy industry. The petitioner further states that benefits would extend throughout the Colombian economy, as well as to the U.S. toy industry and to U.S. suppliers of raw materials used by the Colombian toy industry. The petitioner states that the stability and growth provided the Colombian toy industry would assist the Colombian Government in confronting the drug problem.

Support.—Mattel, Inc. and Tonka Corporation, headquartered in Hawthorne, California, and Minnetonka, Minnesota, respectively, support the Colombian Government position to add unstuffed dolls, classified under HTS subheading 9502.10.40 to the list of articles eligible for duty-free treatment under the GSP. Mattel and Tonka stated that GSP designation of unstuffed dolls would not adversely affect the U.S. industry, and many U.S. toy companies that source unstuffed dolls from GSP countries would benefit from it. Mattel and Tonka are major U.S. toy companies sourcing their unstuffed dolls from overseas suppliers. Both companies maintain design, engineering, packaging, marketing, sales, finance, accounting, warehousing, distribution, cargo transportation and handling, and production scheduling functions in the United States.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
9502.10.40		-	-	-	-	12.0
	737.2425 (100%)	13.4	12.7	12.0	-	-
	737.1900 (100%)	-	-	-	12.0	-

Table I.

Digest Title: Non-stuffed dolls not over 33cm in height
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
China.....	19,211	59,665	84,662	114,410	181,898
Malaysia.....	1,830	9,363	16,315	17,694	29,703
Taiwan.....	46,227	35,133	37,904	14,937	12,865
Hong Kong.....	71,289	81,537	30,695	12,902	12,673
Mexico.....	1,068	1,225	1,083	6,673	6,003
West Germany.....	569	1,358	1,897	2,601	2,742
Philippines.....	13,651	11,868	11,855	1,695	2,215
Korea.....	2,041	2,142	2,143	1,368	1,231
Macao.....	1,834	5,643	2,468	722	1,204
East Germany.....	293	157	922	1,057	855
Brazil.....	3	1	13	193	772
Japan.....	650	2,273	1,268	919	739
Soviet Union.....	54	74	133	66	508
Switzerland.....	162	22	263	59	364
Cameroon.....	0	0	0	15	249
All other.....	2,467	2,511	1,960	1,969	1,426
Total.....	161,351	212,973	193,582	177,280	255,446
GSP Total 2/..	19,004	28,559	32,128	27,813	40,868
GSP+4 2/.....	138,571	147,389	103,182	57,020	67,636
Percent					
China.....	11.9	28.0	43.7	64.5	71.2
Malaysia.....	1.1	4.4	8.4	10.0	11.6
Taiwan.....	28.7	16.5	19.6	8.4	5.0
Hong Kong.....	44.2	38.3	15.9	7.3	5.0
Mexico.....	.7	.6	.6	3.8	2.3
West Germany.....	.4	.6	1.0	1.5	1.1
Philippines.....	8.5	5.6	6.1	1.0	.9
Korea.....	1.3	1.0	1.1	.8	.5
Macao.....	1.1	2.6	1.3	.4	.5
East Germany.....	.2	.1	.5	.6	.3
Brazil.....	1/	1/	1/	.1	.3
Japan.....	.4	1.1	.7	.5	.3
Soviet Union.....	1/	1/	.1	1/	.2
Switzerland.....	.1	1/	.1	1/	.1
Cameroon.....	.0	.0	.0	1/	.1
All other.....	1.5	1.2	1.0	1.1	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	11.8	13.4	16.6	15.7	16.0
GSP+4 2/.....	85.9	69.2	53.3	32.2	26.5

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
95021040Digest Title: Non-stuffed dolls not over 33cm in height
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	13	39	138	329	398
Hong Kong.....	16	2	4	49	135
Japan.....	8	24	20	45	67
Canada.....	30	41	41	48	50
United Kingdom...	35	44	21	38	47
Australia.....	8	15	7	30	24
Costa Rica.....	6	2	2	7	23
Paraguay.....	0	0	8	2	18
Panama.....	6	7	3	2	14
New Zealand.....	1/	1	1	2	10
West Germany.....	5	29	5	5	7
Netherlands.....	6	3	7	34	6
Taiwan.....	12	0	2	6	5
Brazil.....	1/	0	0	0	4
Dominican Rep....	1	0	4	0	4
All other.....	51	78	43	80	48
Total.....	196	285	307	678	860
GSP Total 2/..	39	106	167	369	492
GSP+4 2/.....	70	109	175	425	633
Percent					
Mexico.....	6.5	13.7	44.9	48.5	46.2
Hong Kong.....	8.0	.9	1.4	7.2	15.7
Japan.....	4.0	8.3	6.6	6.7	7.7
Canada.....	15.5	14.4	13.4	7.0	5.9
United Kingdom...	18.1	15.6	6.8	5.6	5.5
Australia.....	4.0	5.4	2.3	4.4	2.8
Costa Rica.....	2.9	.6	.8	1.1	2.6
Paraguay.....	.0	.0	2.7	.4	2.1
Panama.....	2.9	2.4	1.0	.3	1.7
New Zealand.....	1/	.3	.2	.3	1.1
West Germany.....	2.5	10.0	1.6	.8	.8
Netherlands.....	3.1	1.1	2.2	5.0	.7
Taiwan.....	6.2	.0	.7	.8	.6
Brazil.....	1/	.0	.0	.0	.5
Dominican Rep....	.3	.0	1.4	.0	.5
All other.....	25.8	27.5	13.9	11.8	5.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	19.8	37.1	54.5	54.4	57.2
GSP+4 2/.....	35.8	38.2	56.9	62.7	73.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

DIGEST NO. 9502.10.80

CERTAIN NONSTUFFED DOLLS OVER 33 CM IN HEIGHT

Certain Nonstuffed Dolls Over 33 cm in Height

I. Introduction

Certain nonstuffed dolls over 33 cm in height: Harmonized Tariff Schedule (HTS) subheading for digest product; a short description; U.S. col. 1 rate of duty as of Jan. 1, 1990; U.S. production status as of Jan. 3, 1985; and probable effects on U.S. imports and production

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
9502.10.80	Certain nonstuffed doll over 33 cm in height	12%	Yes	[***]

Description and uses.—This digest covers nonstuffed dolls, whether or not dressed, over 33 cm in height that are not capable of electromechanical movement of body parts activated by, and synchronized with, an integral or accompanying tape player or microprocessor. Digest products include dolls that are larger than "Barbie"-sized dolls. Dolls portray, serve as an image of, or present a lifelike imitation of a human being. They may be used for the amusement of children or adults, or for decoration¹. Dolls are usually made of vinyl, rubber, plastic, ceramic, or textile. They may be jointed, and have mechanisms that permit limb, or head movement.

Nonstuffed dolls are generally constructed with plastic or vinyl torsos; however, they may also be made of textile material and filled with materials such as plastic beads or crushed nutshells. Nonstuffed dolls may also have plastic, metal, or other hard parts incorporated in the torso. Nonstuffed dolls differ from stuffed dolls by the material used to produce the torso. Customs regards dolls as stuffed for tariff purposes when the stuffing material imparts the shape and form to the torso of the figure. However, when a hard ceramic or plastic overlay or chest plate is used along with the stuffing material, Customs considers the length of the chest plate in determining whether a doll is stuffed or not. If the chest plate extends below the top of the bust line, that is, below the top of the breasts, then the item is considered nonstuffed since the chest plate, rather than the stuffing material, is imparting the shape and form to the torso². The head, arms, and legs of both types of dolls may be of hard material such as vinyl or ceramic.

Nonstuffed dolls covered in this digest may be divided into two broad categories, dolls which are for collection or decoration and not generally considered for children's play, and children's toy dolls. This digest covers most of the collectible dolls, which are generally made larger than 33 cm in height because dolls of this size may display more detail. In general, collectible dolls are more expensive than play dolls at the retail level; however, there can be considerable price overlap between the higher priced play dolls and the lower priced collectibles.

Nonstuffed toy dolls of the type covered by this digest may be further subdivided into two groups: baby dolls and fashion/action-adventure dolls. Baby dolls are the most significant of the toy-type dolls in terms of trade and are available in many forms and in varying degrees of realism, while the fashion/action-adventure dolls appeal mostly to older children as a means to represent or simulate adult behavior.

¹U.S. Customs Service Ruling CLA-2 CO:R:C:G 081201, Tariff classification of certain troll figures, October 3, 1988.

²U.S. Customs Service Ruling CLA-2 CO:R:C:G 085293, Tariff classification of certain bride dolls, December 6, 1989.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	*39	*35	*34	*34	*-4	*34
Employment (number employees).....	*500	*450	*450	*425	*-5	*400
Shipments (1,000 dollars) ³	*27,000	*22,000	*18,000	*16,000	*-16	*17,000
Exports (1,000 dollars).....	1,273	1,852	1,997	4,407	51	5,591
Imports (1,000 dollars).....	14,615	38,658	59,257	69,574	68	84,078
Consumption (1,000 dollars).....	*40,342	*58,806	*75,260	*81,167	*26	*95,487
Import to consumption ratio (percent).....	*36	*66	*79	*87	*34	*88
Capacity utilization (percent).....	*75	*76	*78	*78	*1	*78

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Shipments data include value of imported parts.

Comment.—The United States is the world's largest market for the nonstuffed dolls covered by this digest. Domestic production is concentrated mostly in the manufacturing of larger, high-value, collectible dolls that do not generally compete with imported dolls. The assembly and finishing of certain toy baby dolls, however, is also performed domestically. Although most domestic production of digest products is done by small- to mid-sized manufacturers of collectible dolls, some domestic production is done by large toy firms which finish and assemble mid-value dolls from imported doll parts. Overall domestic shipments were estimated to be \$17 million in 1989, down from \$27 million in 1985. The U.S. doll industry has, for the most part, moved offshore because of the high labor requirements involved in doll manufacturing and finishing. This is especially true for the cutting and sewing doll clothing. The manufacture of higher value collectible dolls has, for the most part, remained part of the domestic industry because of the level of skill required in finishing these dolls.

The imports-to-consumption ratio for nonstuffed dolls covered by this digest rose from 36 percent in 1985 to 90 percent in 1989. The domestic industry for digest products consists of approximately 34 establishments. Of these, about 10 establishments have 20 employees or more. The remainder of the industry consists of small manufacturers of limited production high value collectible dolls.

Apparent U.S. consumption of nonstuffed dolls increased steadily between 1985 and 1989 to \$93 million as consumer interest in dolls has grown. Domestic employment in the doll industry, however, has declined steadily. Employment for production of digest products was estimated at 400 in 1989, down from 500 employees in 1985. This decline occurred as the toy industry continued to shift its emphasis from domestic manufacturing to marketing, distribution, and design. The lower labor costs available overseas, especially in China, Taiwan and Hong Kong, has led the large toy producers to shift production to these areas by either establishing production facilities there, or by contracting for production through Asian manufacturers.

The major U.S. nonstuffed doll producers supply mid- to high-priced dolls, especially baby dolls. These domestic firms generally purchase doll parts overseas and assemble and finish them domestically. Small and mid-sized doll-manufacturing firms generally produce higher value collectible dolls.

U.S. exports of digest products in 1989 amounted to nearly \$6 million, up from \$1 million in 1985. U.S. exports of digest dolls consist primarily of unfinished dolls intended for further processing in Mexico and of collectible dolls to the United Kingdom, Canada, and Japan.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	84,078	100	-	*90
Imports from GSP countries:				
Total ¹	3,365	4	100	*4
Malaysia.....	1,469	2	44	*2
Philippines.....	837	1	25	*1
Brazil.....	598	1	18	*1
Thailand.....	107	(²)	3	*(²)

¹ There were no imports of digest products from Colombia, Peru, Ecuador or Bolivia in 1989.

² Less than 0.5 percent.

Comment.—Imports of digest products from GSP-eligible countries increased from \$139,000 in 1985 to \$3 million in 1989. Imports of digest products from Malaysia, the largest GSP supplier, increased from nil in 1985 to over \$1 million in 1989. Much of this increase occurred as manufacturers in Hong Kong began shifting production to lower labor cost areas that remain eligible for GSP benefits.

Imports from column 2 sources totaled \$102,000, nearly all of which was from East Germany. Imports of digest dolls from CBERA-designated countries rose from \$4,000 in 1985 to \$64,000 in 1989. Guatemala and the Dominican Republic supplied virtually all of these imports in 1989. There were no imports of digest products from Israel in 1989.

The major sources of imports of digest products to the United States shifted during the period 1985-89 from Hong Kong to China and Malaysia. This occurred as rising production costs in Hong Kong forced manufacturers there to shift production to lower labor-cost areas. The largest shift in imports during the period occurred in shipments from China, where imports grew from \$2 million in 1985 to over \$50 million in 1989. Much of the increase in imports from China was the result of increased U.S. demand and growing production capacity in China. Imports from developed countries, especially West Germany, generally occupy specialty product market niches, such as collectible dolls, or other high-value dolls, similar in quality to many U.S. products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted
in the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in
the short term?..... Yes X No ___

Does the country have significant export markets besides the
United States?..... Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1989..... N/A

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___

What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___

Can production in the country be easily expanded or contracted in the short term?..... Yes X No ___

Does the country have significant export markets besides the United States?..... Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No ___

What is the price elasticity of import supply?..... High X Moderate ___ Low ___

Price level compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent ___ Below X

Other foreign products..... Above ___ Equivalent ___ Below X

Comment.—Imports from GSP-eligible suppliers of digest products, which increased 23-fold between 1985 and 1989 to over \$3 million, do not generally compete directly with U.S.-produced dolls. Domestic products are generally of higher value and quality compared with imported products. Imports from Malaysia, the largest GSP-eligible supplier, are slightly higher in quality and price compared with imports from China, the largest supplier of digest products, but lower in quality and price compared with other Asian suppliers.

V. Position of interested parties

Petitioner.—The Colombian Government Trade Bureau states in their petition that extending GSP treatment to products covered in this digest would greatly assist the Colombian toy industry. The petitioner further states that benefits would extend throughout the Colombian economy, as well as to the U.S. toy industry and to U.S. suppliers of raw materials used by the Colombian toy industry. The petitioner states that the stability and growth provided the Colombian toy industry would assist the Colombian Government in confronting the drug problem.

Support.—Mattel, Inc. and Tonka Corporation, headquartered in Hawthorne, California, and Minnetonka, Minnesota, respectively, support the Colombian Government position to add unstuffed dolls, classified under HTS subheading 9502.10.80 to the list of articles eligible for duty-free treatment under the GSP. Mattel and Tonka stated that GSP designation of unstuffed dolls would not adversely affect the U.S. industry, and many U.S. toy companies that source unstuffed dolls from GSP countries would benefit from it. Mattel and Tonka are major U.S. toy companies sourcing their unstuffed dolls from overseas suppliers. Both companies maintain design, engineering, packaging, marketing, sales, finance, accounting, warehousing, distribution, cargo transportation and handling, and production scheduling functions in the United States.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and col.1 rates of duty, 1985-89

(Percent ad valorem)

HTS subheading	TSUSA item No. (and allocation)	TSUSA/HTS col. 1 rate of duty				
		1985	1986	1987	1988	1989
9502.10.80		-	-	-	-	12.0
	737.2415 (100%)	13.4	12.7	12.0	-	-
	737.2500 (100%)	-	-	-	12.0	-

Table I.

Digest Title: Certain non-stuffed dolls over 33cm in height
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
China.....	1,554	5,305	22,469	38,081	50,400
Taiwan.....	2,881	3,986	11,572	15,471	19,610
Hong Kong.....	6,555	24,734	19,155	3,685	3,387
Spain.....	1,228	2,598	1,116	4,710	3,110
Malaysia.....	0	17	373	603	1,469
West Germany.....	440	620	1,038	1,743	1,290
Korea.....	794	403	1,148	1,627	1,081
Philippines.....	36	10	9	162	837
Brazil.....	0	0	10	586	598
Japan.....	450	481	1,015	715	559
France.....	27	18	171	238	408
Italy.....	92	184	165	202	275
Switzerland.....	11	57	64	290	157
United Kingdom...	289	126	42	57	122
Thailand.....	31	14	44	53	107
All other.....	228	106	867	1,353	670
Total.....	14,615	38,658	59,257	69,574	84,078
GSP Total 2/..	139	92	999	2,150	3,365
GSP+4 2/.....	10,368	29,215	32,874	22,933	27,444
Percent					
China.....	10.6	13.7	37.9	54.7	59.9
Taiwan.....	19.7	10.3	19.5	22.2	23.3
Hong Kong.....	44.8	64.0	32.3	5.3	4.0
Spain.....	8.4	6.7	1.9	6.8	3.7
Malaysia.....	.0	1/	.6	.9	1.7
West Germany.....	3.0	1.6	1.8	2.5	1.5
Korea.....	5.4	1.0	1.9	2.3	1.3
Philippines.....	.2	1/	1/	.2	1.0
Brazil.....	.0	.0	1/	.8	.7
Japan.....	3.1	1.2	1.7	1.0	.7
France.....	.2	1/	.3	.3	.5
Italy.....	.6	.5	.3	.3	.3
Switzerland.....	.1	.1	.1	.4	.2
United Kingdom...	2.0	.3	.1	.1	.1
Thailand.....	.2	1/	.1	.1	.1
All other.....	1.6	.3	1.5	1.9	.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.0	.2	1.7	3.1	4.0
GSP+4 2/.....	70.9	75.6	55.5	33.0	32.6

1/ Less than \$500 or less than 0.1 percent.

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table II.

Digest No.
95021080Digest Title: Certain non-stuffed dolls over 33cm in height
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	83	254	896	2,138	2,584
Hong Kong.....	102	16	28	319	880
Japan.....	51	153	131	294	433
Canada.....	197	266	267	309	327
United Kingdom...	230	289	136	249	306
Australia.....	50	100	46	196	158
Costa Rica.....	36	12	16	47	147
Paraguay.....	0	0	54	16	118
Panama.....	37	44	20	15	94
New Zealand.....	3	5	5	13	63
West Germany.....	32	186	31	34	45
Netherlands.....	39	20	45	219	38
Taiwan.....	79	0	15	37	32
Brazil.....	1	0	0	0	28
Dominican Rep....	4	0	28	0	27
All other.....	329	509	278	522	312
Total.....	1,273	1,852	1,997	4,407	5,591
GSP Total 1/..	251	688	1,088	2,397	3,198
GSP+4 1/.....	456	707	1,136	2,762	4,113
Percent					
Mexico.....	6.5	13.7	44.9	48.5	46.2
Hong Kong.....	8.0	.9	1.4	7.2	15.7
Japan.....	4.0	8.3	6.6	6.7	7.7
Canada.....	15.5	14.4	13.4	7.0	5.9
United Kingdom...	18.1	15.6	6.8	5.6	5.5
Australia.....	4.0	5.4	2.3	4.4	2.8
Costa Rica.....	2.9	.6	.8	1.1	2.6
Paraguay.....	.0	.0	2.7	.4	2.1
Panama.....	2.9	2.4	1.0	.3	1.7
New Zealand.....	.2	.3	.2	.3	1.1
West Germany.....	2.5	10.0	1.6	.8	.8
Netherlands.....	3.1	1.1	2.2	5.0	.7
Taiwan.....	6.2	.0	.7	.8	.6
Brazil.....	.1	.0	.0	.0	.5
Dominican Rep....	.3	.0	1.4	.0	.5
All other.....	25.8	27.5	13.9	11.8	5.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	19.8	37.1	54.5	54.4	57.2
GSP+4 1/.....	35.8	38.2	56.9	62.7	73.6

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

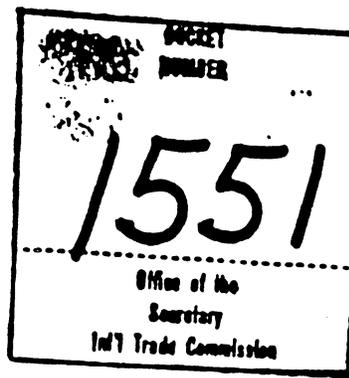
APPENDIX A

U. S. Trade Representative Request Received
March 2, 1990, for Probable Economic Effect Advice

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

MAR - 1 1990

MAR 2 4:07



The Honorable Anne Brunsdale
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Brunsdale:

The Trade Policy Staff Committee (TPSC) announced in the Federal Register on November 14, 1989, the initiation, at the direction of the President, of a special review to consider requests from the Governments of Bolivia, Colombia, Ecuador and Peru to add products to the list of articles eligible for duty-free treatment under the Generalized System of Preferences (GSP). Modifications to the GSP which may result from this review will be announced on or about July 13, 1990, and become effective on or about August 1, 1990. In this connection, I am making the requests listed below.

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the 1974 Act), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the Commission that the articles identified in Part A of the enclosed list are being considered for designation as eligible articles for purposes of the United States GSP, set forth in Title V of the 1974 Act.

Pursuant to Section 503(a) and 131(a) of the 1974 Act, I request that the Commission provide its advice, with respect to each article listed in Part A of the enclosed list, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

In providing its advice, I request the Commission to assume that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the 1974 Act.

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request that:

(a) in accordance with section 504(c)(3)(A)(i) of the 1974 Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for Peru with respect to the article in Part B of the enclosed list.

(b) in accordance with section 504(d) of the 1974 Act which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A of the enclosed list were being produced in the United States on January 3, 1985.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein pursuant to sections 503(a) and 131(a) of the 1974 Act on Part A of the enclosed list. However, it would be greatly appreciated if the requested advice on Parts A and B could be provided by June 1, 1990, in order to permit any actions to be taken on these items to be included in a presidential proclamation which should be issued in mid July 1990. As soon as possible after the Commission's advice is provided to this office, the Commission should make available to the public a non-confidential version of the report prepared in accordance with past instructions on reports of this type.

In accordance with USTR policy, I direct you to mark as "Confidential" such portions of the Commission's report and its working papers as my Office will identify in a classification guide. Information Security Oversight Office Directive No. 1, section 2001.21 (implementing Executive Order 12356, sections 2.1 and 2.2) requires that classification guides identify or categorize the elements of information which require protection. Accordingly, I request that you provide my Office with an outline of this report as soon as possible. Based on this outline and my Office's knowledge of the information to be covered in the report, a USTR official with original classification authority will provide detailed instructions.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,



Carla A. Hills

CAH:hl

Annex

No.	HTS Subheading	Article	Petitioner
<p>[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]</p>			
<p>A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u></p>			
SPAR-1	0304.10.20(pt.)	<p>Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen: Fresh or chilled: Hake (<u>Urophycis</u> spp.) Frozen fillets: [Skinned, whether or not divided into pieces, and frozen into blocks each weighing over 4.5 kg, imported to be minced, ground or cut into pieces of uniform weights and dimensions]</p>	Government of Peru
SPAR-2	0304.20.40(pt.)	<p>Other: Hake (<u>Urophycis</u> spp.) Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine:</p>	do.
SPAR-3	0306.14.20	<p>Frozen: Crabs: Crabmeat Not frozen:</p>	Government of Colombia
SPAR-4	0306.24.20	<p>Crabs: Crabmeat</p>	do.
SPAR-5	0603.10.60	<p>Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared: Fresh: Roses</p>	Government of Bolivia; Government of Ecuador
SPAR-6	0709.10.00	<p>Other vegetables, fresh or chilled: Globe artichokes</p>	Government of Colombia
SPAR-7	0709.20.10	<p>Asparagus: Not reduced in size; entered during the period from September 15 to November 15, inclusive, in any year; and transported to the United States by air</p>	Government of Colombia; Government of Ecuador; Government of Peru
SPAR-8	0709.20.90	<p>Other</p>	Government of Colombia; Government of Peru

1/ Harmonized Tariff Schedule of the United States.

Case No.	HTS Subheading	Article	Petitioner
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(The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.)

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Vegetables (uncooked or cooked by steaming or boiling in water), frozen: [Potatoes; Spinach, New Zealand spinach and orache spinach (garden spinach); Sweet corn]	
		Leguminous vegetables, shelled or unshelled: Beans (<i>Vigna</i> spp., <i>Phaseolus</i> spp.): Not reduced in size: [Lima beans, if entered during the month of November 1 in any year to the following May 31, inclusive; Coupeas (other than black-eye peas)]	
SPAR-9	0710.22.30	Other	Government of Ecuador; Government of Peru
		Other vegetables: [Bamboo shoots or water chestnuts; Mushrooms; Tomatoes]	
		Other: Reduced in size: [Brussels sprouts]	
SPAR-10	0710.80.9510	Other: [Broccoli; cauliflower; okra]	Government of Colombia;
SPAR-11	0710.80.9550	Asparagus	Government of Peru
		Other	do.
		Mixtures of vegetables: [Mixtures of pea pods and water chestnuts]	
SPAR-12	0710.90.90	Other	Government of Peru
		Vegetables provisionally preserved (for example, by sulfur dioxide gas, in brine, in sulfur water or in other preservative solutions), but unsuitable in that state for immediate consumption:	
		Olives: Not pitted:	
SPAR-13	0711.20.15	Described in additional U.S. note 5 to chapter 7 of the HTS	do.
SPAR-14	0711.20.25	Other	do.

1/ Harmonized Tariff Schedule of the United States.

Case No.	HTS Subheading	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

SPAR-15	0714.10.00	Cassava (manioc), arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh or dried, whether or not sliced or in the form of pellets; sago pith: Cassava (manioc)	Government of Colombia
SPAR-16	0804.30.40	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: Pineapples: Not reduced in size: [In bulk] In crates or other packages Guavas, mangoes and mangosteens: Fresh: [If entered during the period from September 1, in any year, to the following May 31, inclusive]	do.
SPAR-17	0804.50.60	If entered at any other time	do.
SPAR-18	0807.20.00	Melons (including watermelons) and papayas (papaws), fresh: Papayas (papaws)	do.
SPAR-19	0810.10.20	Other fruit, fresh: Strawberries: If entered during the period from June 15 to September 15, inclusive, in any year	do.
SPAR-20	0810.10.40	If entered at any other time	do.
SPAR-21	0811.20.40	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter: [Strawberries] Raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries (other than kiwi fruit): [Raspberries, loganberries, black currants and gooseberries (other than kiwi fruit)] Other	do.

1/ Harmonized Tariff Schedule of the United States.

Case No.	HTS Subheading	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Case No.	HTS Subheading	Article	Petitioner
		Fruit and nuts, uncooked or cooked by, etc. (con.): Other: [Bananas and plantains; Blueberries; Boysenberries; Cashew apples, mameys colorados, sapodillas, soursops and sweetsops; Coconut meat; Cranberries (<u>Vaccinium macrocarpum</u>); Papayas; Melons]	
SPAR-22	0811.90.50	Pineapple	Government of Colombia; Government of Peru
		Other: [Cherries]	
SPAR-23	0811.90.6080	Other	do.
		Cereal flours other than of wheat or meslin: [Rye flour; Corn (maize) flour; Rice flour] Other: [Buckwheat flour]	
SPAR-24	1102.90.40	Other	Government of Peru
		Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading 1006; germ c. cereals, whole, rolled, flaked or ground: [Rolled or flaked grains] Other worked grains (for example, hulled, pearled, sliced or kibbled): Of oats Of corn (maize)	
SPAR-25	1104.22.00		Government of Colombia
SPAR-26	1104.23.00		Government of Ecuador
		Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety <u>Cichorium intybus sativum</u>) of a kind used primarily for human consumption, not elsewhere specified or included: Other:	
SPAR-27	1212.92.00	Sugar cane	do.
		Soybean oil and its fractions, whether or not refined, but not chemically modified: [Crude oil, whether or not degummed] Other: [Pharmaceutical Grade meeting FDA requirements for use in intravenous fat emulsions, valued over \$5 per kg]	
SPAR-28	1507.90.40	Other	Government of Bolivia

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

SPAR-29	1516.10.00	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, interesterified, reesterified or elaidinized, whether or not refined, but not further prepared: Animal fats and oils and their fractions	Government of Peru
SPAR-30	1604.13.40	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs: Fish, whole or in pieces, but not minced: Sardines, sardinella and brisling or sprats: [In oil, in airtight containers] Other: In immediate containers weighing with their contents under 225 grams each	do.
SPAR-31	1604.13.50	Other: [In tomato sauce, in immediate containers with their contents 225 grams or more, but not over 7 kg each]	do.
SPAR-32	1605.10.20	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved: Crab: [Products containing fish meat; prepared meals] Other: Crabmeat: In airtight containers	Government of Colombia
SPAR-33	2001.90.25	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid: Other: Other: Vegetables: Artichokes	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

		Tomatoes prepared or preserved otherwise than by vinegar or acetic acid:	
SPAR-34	2002.10.00 or	Tomatoes, whole or in pieces	Government of Peru
		or	
SPAR-35	2002.10.0020	Tomatoes, whole or in pieces: In containers holding less than 1.4 kg	Government of Ecuador
		Other:	
SPAR-36	2002.10.0050	In airtight containers	do.
SPAR-37	2002.10.0090	Other	do.
SPAR-38	2002.90.00 or	Other	Government of Peru
		or	
		Other:	
		Paste:	
SPAR-39	2002.90.0010	In containers holding less than 1.4 kg	Government of Ecuador
		Puree:	
SPAR-40	2002.90.0030	In containers holding less than 1.4 kg	do.
SPAR-41	2002.90.0040	Other	do.
		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen:	
		[Potatoes]	
		Other vegetables and mixtures of vegetables: [Antipasto; Beans]	
		Other:	
		[Carrots; Peas]	
SPAR-42	2004.90.9040	Sweet corn	do.
SPAR-43	2004.90.9080	Other, including mixtures	Government of Colombia
		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen:	
SPAR-44	2005.20.00	Potatoes	do.
SPAR-45	2005.60.00	Asparagus	Government of Colombia; Government of Peru
		Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included:	
		[Nuts, peanuts (ground-nuts) and other seeds, whether or not mixed together; Pineapples; Pears; Apricots; Cherries; Peaches; Strawberries]	
		Citrus fruit:	
		Pulp:	
		[Orange]	
SPAR-46	2008.30.37	Other	Government of Peru

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

Fruit, nuts and other edible parts of, etc. (con.):

Other, including mixtures other than those of subheading 2008.19:

[Palm hearts; Mixtures]

Other:

[Apples; Avocados; Bananas; Berries; Cashew apples, mameyes colorados, sapodillas, soursops and sweetsops; Dates; Figs; Grapes; Guavas; Lychees and longans; Mangoes; Nectarines; Plums (including prune plums and sloes); Soybeans; Sweet ginger; Yucca]

SPAR-47	2008.99.45	Papayas: Pulp	Government of Peru
SPAR-48	2008.99.80	Other: Pulp	do.
SPAR-49	2009.11.00	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: Orange juice: Frozen	Government of Bolivia
SPAR-50	2009.30.1020	Juice of any other single citrus fruit: Lime: Unfit for beverage purposes: Not concentrated	Government of Peru
SPAR-51	2009.30.1040	Concentrated	do.
SPAR-52	2009.30.2020	Other: Not concentrated	do.
SPAR-53	2009.30.2040	Concentrated	do.
SPAR-54	2103.20.40	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard: Tomato ketchup and other tomato sauces: [Tomato ketchup] Other	Government of Ecuador; Government of Peru

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 percent vol.; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used for the manufacture of beverages:	
		Compound alcoholic preparations of a kind used for the manufacture of beverages:	
SPAR-55	2208.10.30	Containing not over 20 percent of alcohol by weight	Government of Colombia
SPAR-56	2208.10.60	Containing over 20 percent but not over 50 percent of alcohol by weight	do.
SPAR-57	2208.10.90	Containing over 50 percent of alcohol by weight	do.
SPAR-58	2208.40.00	Rum and tafia	do.
	or	or	
SPAR-59	2208.40.00(pt.)	Rum and tafia: Aguardiente	do.
		Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent:	
		Vitamins and their derivatives, unmixed:	
SPAR-60	2936.28.00	Vitamin E (Tocopherols and related compounds with Vitamin E activity) and its derivatives	do.
		Medicaments (excluding goods of heading 3002, 3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale:	
		[Containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives; Containing other antibiotics; Containing hormones or other products of heading 2937 but not containing antibiotics; Containing alkaloids or derivatives thereof but not containing hormones, other products of heading 2937 or antibiotics]	
		Other medicaments containing vitamins or other products of heading 2936:	
		Containing vitamins synthesized wholly or in part from aromatic or modified aromatic industrial organic compounds:	
SPAR-61	3004.50.30	Vitamin E	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

		Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical, surgical, dental or veterinary purposes: Adhesive dressings and other articles having an adhesive layer: [Coated or impregnated with pharmaceutical substances]	
SPAR-62	3005.10.50	Other Other: [Coated or impregnated with pharmaceutical substances]	Government of Bolivia
SPAR-63	3005.90.50	Other	do.
		Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry: Of a kind used in the food or drink industries: Containing alcohol: Containing not over 20 percent of alcohol by weight	
SPAR-64	3302.10.20		Government of Peru
		Insecticides, rodenticides, fungicides, herbicides, antisprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulfur-treated bands, wicks and candles, and flypapers): Fungicides: [Containing any aromatic or modified aromatic fungicide]	
SPAR-65	3808.20.20	Other: Containing any fungicide which is a thioamide, thiocarbamate, dithiocarbamate, thiuram or isothiocyanate	Government of Colombia

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Other plates, sheets, film, foil and strip, of plastics:

Cellular:

Of polymers of vinyl chloride:

Combined with textile materials:

[Products with textile components in which man-made fibers predominate by weight over any other single textile fiber]

SPAR-66 3921.12.19

Other

Government of Colombia

Plywood, veneered panels and similar laminated wood:

Plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness:

With at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okoume', Obeche, Acajou d'Afrique, Sapelli, Baboen, Mahogany (Swietenia spp.), Palissandre du Bresil or Bois de Rose femelle:

Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:

[With a face ply of birch (Betula spp.)]

SPAR-67 4412.11.20

Other

Government of Ecuador
do.

SPAR-68 4412.11.50

Other

Other, with at least one outer ply of nonconiferous wood:

Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:

[With a face ply of birch (Betula spp.); With a face ply of Spanish cedar (Cedrela spp.) or walnut (Juglans spp.)]

SPAR-69 4412.12.20

Other

do.

SPAR-70 4412.12.50

Other

do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

Plywood, veneered panels and similar, etc. (con.):
Other, with at least one outer ply of
nonconiferous wood:
[Containing at least one layer of particle
board]

Other:

Plywood:

Not surface covered or surfaced
covered with a clear or transparent
material which does not obscure the
grain, texture or markings of the
face ply:

[With a face ply of birch
(Betula spp.)]

SPAR-71 4412.29.30
SPAR-72 4412.29.40

Other

Government of Ecuador
do.

Other

Other:

[Containing at least one layer of particle
board]

Other:

Plywood:

[Not surface covered or surface
covered with a clear or transparent
material which does not obscure the
grain, texture or markings of the
face ply]

SPAR-73 4412.99.50

Other

do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

		Other articles of wood:	
		[Clothes hangers]	
		Other:	
		Toothpicks, skewers, candy sticks, ice cream sticks, tongue depressors, drink mixers and similar small wares:	
SPAR-74	4421.90.50	Toothpicks	Government of Colombia
SPAR-75	4421.90.60	Other	do.
		Carpets and other textile floor coverings, woven, not tufted or flopped, whether or not made up, including "Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs:	
		["Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs; Floor coverings of coconut fibers (coir); Other, of pile construction, not made up; Other, of pile construction, made up; Other, not of pile construction, not made up]	
		Other, not of pile construction, made up: [Of wool or fine animal hair; Of man-made textile materials]	
		Of other textile materials:	
		[Of cotton]	
		Other	Government of Bolivia
		Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902:	
		With polyvinyl chloride:	
		Of cotton	Government of Colombia
SPAR-77	5903.10.10	[With polyurethane]	
		Other:	
SPAR-78	5903.90.10	Of cotton	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

Parts of footwear; removable insoles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof:

Uppers and parts thereof, other than stiffeners:
[Formed uppers]

Other:

[Of rubber or plastics; Of leather; Of textile materials of which 50 percent of the external surface area (including any leather accessories or reinforcements such as mentioned in 4(a) to chapter 64 of the HTS) is leather]

Other:

Of cotton:

SPAR-79 6406.10.7530

Uppers of which less than 50 percent of the external surface area (including any leather, rubber or plastics accessories or reinforcements such as mentioned in note 4(a) to chapter 64 of the HTS) is textile materials

Government of Colombia

Other:

SPAR-80 6406.10.8015

Uppers of which less than 50 percent of the external surface area (including any leather, rubber or plastics accessories or reinforcements such as mentioned in note 4(a) to chapter 64 of the HTS) is textile materials

do.

Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing:

[Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm]

SPAR-81 6907.90.00

Other

do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing:

Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm:

[Having not over 3229 tiles per square meter, most of which have faces bounded entirely by straight lines]

Other:

[The largest surface area of which is less than 38.7 cm²]

SPAR-82	6908.10.50	Other	Government of Colombia
SPAR-83	6908.90.00	Other	Government of Colombia; Government of Peru

Drawn glass and blown glass, in sheets, whether or not having an absorbent or reflecting layer, but not otherwise worked:

[Glass, colored throughout the mass (body tinted), opacified, flashed or having an absorbent or reflecting layer]

Other glass:

In rectangular shape:
Measuring over 2 but not over 3.5 mm in thickness

SPAR-84	7004.90.25		Government of Colombia
SPAR-85	7004.90.30	Measuring over 3.5 mm in thickness: Measuring not over 0.65/m ² in area	do.
SPAR-86	7004.90.40	Measuring over 0.65/m ² in area	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018):

[Of glass-ceramics]

Drinking glasses, other than of glass-ceramics:

[Of lead crystal]

Other:

[Pressed and toughened (specially tempered)]

Other:

SPAR-87	7013.29.10	Valued not over \$0.30 each	Government of Colombia
SPAR-88	7013.29.20	Valued over \$0.30 but not over \$3 each	do.
		Valued over \$3 each:	
		Cut or engraved:	
SPAR-89	7013.29.30	Valued over \$3 but not over \$5 each	do.
SPAR-90	7013.29.40	Valued over \$5 each	do.
		Other:	
SPAR-91	7013.29.50	Valued over \$3 but not over \$5 each	do.
SPAR-92	7013.29.60	Valued over \$5 each	do.
		Glassware of a kind used for table (other than drinking glasses) or kitchen purposes other than that of glass-ceramics:	
		[Of lead crystal; Of glass having a linear coefficient of expansion not exceeding 5×10^{-6} per Kelvin within a temperature range of 0°C to 300°C]	
		Other:	
		[Pressed and toughened (specially tempered)]	
		Other:	
SPAR-93	7013.39.20	Valued not over \$3 each	do.
		Valued over \$3 each:	
		Cut or engraved:	
SPAR-94	7013.39.30	Valued over \$3 but not over \$5 each	do.
SPAR-95	7013.39.40	Valued over \$5 each	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Glassware of a kind used for table, etc. (con.):	
		Glassware of a kind used for table, etc. (con.):	
		Other (con.):	
		Other (con.):	
		Valued over \$3 each (con.):	
		Other:	
SPAR-96	7013.39.50	Valued over \$3 but not over \$5 each	Government of Colombia
SPAR-97	7013.39.60	Valued over \$5 each	do..
		Other glassware:	
		[Of lead crystal]	
		Other:	
		[Glassware decorated with metal flecking, glass pictorial scenes, or glass thread- or ribbon-like effects, any of the foregoing embedded or introduced into the body of the glassware prior to its solidification; millefiori glassware; glassware colored prior to solidification, and characterized by random distribution of numerous bubbles, seeds, or stones, throughout the mass of the glass; Pressed and toughened (specially tempered)]	
		Other:	
		[Smokers' articles; perfume bottles fitted with ground glass stoppers; Votive-candle holders]	
		Other:	
SPAR-98	7013.99.40	Valued not over \$0.30 each	do.
SPAR-99	7013.99.50	Valued over \$0.30 but not over \$3 each	do.
		Valued over \$3 each:	
		Cut or engraved:	
SPAR-100	7013.99.60	Valued over \$3 but not over \$5 each	do.
SPAR-101	7013.99.70	Valued over \$5 each	do.
SPAR-102	7013.99.80	Other:	
		Valued over \$3 but not over \$5 each	do.
SPAR-103	7013.99.90	Valued over \$5 each	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

		Flat-rolled products of iron or nonalloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated:	
		In coils, not further worked than cold-rolled (cold-reduced), of high-strength steel:	
SPAR-104	7209.11.00	Of a thickness of 3 mm or more	Government of Colombia
SPAR-105	7209.12.00	Of a thickness exceeding 1 mm but less than 3 mm	do.
SPAR-106	7209.13.00	Of a thickness of 0.5 mm or more but not exceeding 1 mm	do.
SPAR-107	7209.14.00	Of a thickness of less than 0.5 mm	do.
		Not in coils, not further worked than cold-rolled (cold-reduced), of high-strength steel:	
SPAR-108	7209.32.00	Of a thickness exceeding 1 mm but less than 3 mm	do.
		Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel:	
		Threaded articles:	
		[Coach screws]	
SPAR-109	7318.12.00	Other wood screws	do.
		Unwrought lead:	
		[Refined lead]	
		Other:	
SPAR-110	7801.91.00	Containing by weight antimony as the principal other element	Government of Peru
		Unwrought zinc:	
SPAR-111	7901.20.00	Zinc alloys	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 8208, and blades and other base metal parts thereof:			
[Sets of assorted articles]			
Other:			
Table knives having fixed blades, and parts thereof:			
Knives with stainless steel handles:			
With handles containing nickel or containing over 10 percent by weight of manganese:			
SPAR-112	8211.91.20	Valued under 25¢ each, not over 25.9 cm in overall length	Government of Colombia
SPAR-113	8211.91.25	Other	do.
Other:			
SPAR-114	8211.91.30	Valued under 25¢ each, not over 25.9 cm in overall length	do.
SPAR-115	8211.91.40	Other	do.
Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs, and similar kitchen or tableware; and base metal parts thereof:			
[Sets of assorted articles containing at least one article plated with precious metal]			
SPAR-116	8215.20.00	Other sets of assorted articles	do.
Other:			
[Plated with precious metal]			
Other:			
Forks:			
With stainless steel handles:			
With handles containing nickel or containing over 10 percent by weight of manganese:			
SPAR-117	8215.99.01	Valued under 25¢ each, not over 25.9 cm in overall length	do.
SPAR-118	8215.99.05	Other	do.
Other:			
SPAR-119	8215.99.10	Valued under 25¢ each	do.
SPAR-120	8215.99.15	Other	do.
Spoons and ladles:			
With stainless steel handles:			
SPAR-121	8215.99.30	Spoons valued under 25¢ each	do.
SPAR-122	8215.99.35	Other	do.

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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences, (con.)

SPAR-123	8301.10.60	<p>Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys and parts of any of the foregoing articles, of base metal:</p> <p>Padlocks: Of cylinder or pin tumbler construction: Not over 3.8 cm in width</p>	Government of Peru
SPAR-124	8712.00.20	<p>Bicycles and other cycles (including delivery tricycles), not motorized: Bicycles having both wheels exceeding 65 cm in diameter: If weighing less than 16.3 kg complete without accessories and not designed for use with tires having a cross-sectional diameter exceeding 4 cm</p>	Government of Colombia
SPAR-125	8714.91.10	<p>Parts and accessories of vehicles of headings 8711 to 8713: [Of motorcycles (including mopeds); Of invalid carriages]</p> <p>Other: Frames and forks, and parts thereof: Frames [Sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle]</p>	do.
SPAR-126	8714.91.90	Other	do.
SPAR-127	9502.10.40	<p>Dolls representing only human beings and parts and accessories thereof: Dolls, whether or not dressed: [Stuffed]</p> <p>Other: Not over 33 cm in height Other: [Capable of electromechanical movement of body parts activated by, and synchronized with, an integral or accompanying cassette tape player or microprocessor]</p>	do.
SPAR-128	9502.10.80	Other	do.

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B. Petition for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.

Stranded wire, cables, plaited bands and the like, including slings and similar articles, of copper, not electrically insulated:
Not fitted with fittings and not made up into articles:

SPAR-129 7413.00.10
(Peru)

Stranded wire

Government of Peru

1/ Harmonized Tariff Schedule of the United States.

APPENDIX B

U.S. International Trade Commission Notice of
Investigation

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(Inv. Nos. TA-503(a)-20 and 332-290)

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED
AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF
PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

Summary: On March 2, 1990, the Commission received a request from the U.S. Trade Representative (USTR) requesting certain Commission advice under sections 131, 503, and 504 of the Trade Act of 1974 and section 332(g) of the Tariff Act of 1930. Following receipt of that request, the Commission instituted investigation No. TA-503(a)-20 and 332-290 in order to:

(1) provide advice, pursuant to sections 131(a) and 503(a) of the Trade Act of 1974 (19 U.S.C. 2151(b) and 2463(a)), with respect to each article listed in Part A of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the Generalized System of Preferences (GSP);

(2) pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

(a) provide advice in accordance with section 504(c)(3)(A)(i) of the Trade Act of 1974 as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for Peru with respect to the article in Part B of the attached Annex; and

(b) provide advice in accordance with section 504(d) of the Trade Act of 1974, which exempts from one of the competitive need limits in section 504(c) of the Trade Act of 1974 articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, with respect to whether products like or directly competitive with the articles in Part A of the attached Annex were being produced in the United States on January 3, 1985.

In providing its advice under (1), the Commission will assume, as requested by USTR, that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the Trade Act of 1974.

As requested by USTR, the Commission will seek to provide its advice not later than June 1, 1990.

EFFECTIVE DATE: March 16, 1990

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. C. B. Stahmer (202-252-1321)
- (2) Textiles and apparel, Ms. Linda Shelton (202-252-1467)
- (3) Chemical products, Mr. Robert Randall (202-252-1366)
- (4) Minerals and metals, Mr. James Lukes (202-252-1426)
- (5) Machinery and equipment, Mr. John Cutchin (202-252-1396)
- (6) General manufactures, Mr. Ruben Moller (202-252-1495)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-252-1091.

BACKGROUND: The letter from the USTR provided the following by way of background:

The Trade Policy Staff Committee (TPSC) announced in the Federal Register on November 14, 1989, the initiation, at the direction of the President, of a special review to consider requests from the Governments of Bolivia, Colombia, Ecuador and Peru to add products to the list of articles eligible for duty-free treatment under the Generalized System of Preferences (GSP). Modifications to the GSP which may result from this review will be announced on or about July 13, 1990, and become effective on or about August 1, 1990.

PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Commission Hearing Room, 500 E Street SW., Washington, DC 20436, beginning at 9:30 a.m. on April 17, 1990, and continuing as required on April 18 and 19. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than the close of business on April 11, 1990. Posthearing briefs must be filed by April 26, 1990.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on April 16, 1990. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 252-1810.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'K. Mason', with a long horizontal flourish extending to the right.

Kenneth R. Mason
Secretary

Attachment

Issued: March 19, 1990

Annex I (HTS Item Subheadings) ¹

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

0304.10.20(pt)	2005.20.00	7013.29.10
0304.20.40(pt)	2005.60.00	7013.29.20
0306.14.20	2008.30.37	7013.29.30
0306.24.20	2008.99.45	7013.29.40
0603.10.60	2008.99.80	7013.29.50
0709.10.00	2009.11.00	7013.29.60
0709.20.10	2009.30.1020	7013.39.20
0709.20.90	2009.30.1040	7013.39.30
0710.22.30	2009.30.2020	7013.39.40
0710.80.9510	2009.30.2040	7013.39.50
0710.80.9550	2103.20.40	7013.39.60
0710.90.90	2208.10.30	7013.99.40
0711.20.15	2208.10.60	7013.99.50
0711.20.25	2208.10.90	7013.99.60
0714.10.00	2208.40.00	7013.99.70
0804.30.40	2208.40.00(pt)	7013.99.80
0804.50.60	2936.28.00	7013.99.90
0807.20.00	3004.50.30	7209.11.00
0810.10.20	3005.10.50	7209.12.00
0810.10.40	3005.90.50	7209.13.00
0811.20.40	3302.10.20	7209.14.00
0811.90.50	3808.20.20	7209.32.00
0811.90.6080	3921.12.19	7318.12.00
1102.90.40	4412.11.20	7801.91.00
1104.22.00	4412.11.50	7901.20.00
1104.23.00	4412.12.20	8211.91.20
1212.92.00	4412.12.50	8211.91.25
1507.90.40	4412.29.30	8211.91.30
1516.10.00	4412.29.40	8211.91.40
1604.13.40	4412.99.50	8215.20.00
1604.13.50	4421.90.50	8215.99.01
1605.10.20	4421.90.60	8215.99.05
2001.90.25	5702.99.20	8215.99.10
2002.10.00	5903.10.10	8215.99.15
2002.10.0020	5903.90.10	8215.99.30
2002.10.0050	6406.10.7530	8215.99.35
2002.10.0090	6406.10.8015	8301.10.60
2002.90.00	6907.90.00	8712.00.20
2002.90.0010	6908.10.50	8714.91.10
2002.90.0030	6908.90.00	8714.91.90
2002.90.0040	7004.90.25	9502.10.40
2004.90.9040	7004.90.30	9502.10.80
2004.90.9080	7004.90.40	

B. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preference.

7413.00.10 (Peru)

¹ See USTR Federal Register notice of March 7, 1990, (55 F.R. 8248) for article descriptions.

APPENDIX C

List of Witnesses Appearing at
the Commission Hearing

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission hearing:

Subject : PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

Inv. Nos. : TA-503(a)-20 and 332-290

Date and Time : April 17 & 18, 1990 - 9:30 a.m.

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Floral Trade Council
Haslett, MI

Fresh
Cut
Roses

Tim Haley, Vice President,
Pikes Peak Greenhouses Corporated
Denver, CO

David F. Machtel, Jr., Executive Director,
Floral Trade Council,

Eugene Stewart, Counsel

Norcal Crosetti Foods, Inc.
Watsonville, CA

Frozen
Asparagus

Ray Walker, Executive Vice-President

Schramm & Associates, Inc.
Washington, D.C.
On behalf of

Asparagus
Growers

Washington Asparagus Growers Association
Kennewick, WA

Robert Schramm, President)--OF COUNSEL

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

<u>WITNESS AND ORGANIZATION:</u>	<u>PRODUCT</u>
Schramm & Associates, Inc. Washington, D.C. <u>On behalf of</u> California Asparagus Growers Association Stockton, CA and Victoria Island Farms Holt, CA Robert Schramm, President)--OF COUNSEL	Asparagus Growers
Michigan Agricultural Cooperative Marketing Association, Lansing, MI Michigan Asparagus Growers Michigan Asparagus Industry Harry A. Foster, Secretary-Manager	Asparagus Growers
National Association of Growers and Processors for Fair Trade Stockton, CA F. Foster Furman, Vice President, Legislative Affairs, Furman Foods, Inc. Joseph D. Hess Mount Joy, PA David L. Zollinger, Chairman, National Association of Growers and Processors for Fair Trade Ray E. Noble, President, Ray Brothers & Noble Canning Co. Hobbs, Indiana	Tomato Industry
Porter, Wright, Morris and Arthur Washington, D.C. <u>on behalf of</u> Ecuavegetal, S.A. Leslie A. Glick--OF COUNSEL	Tomato Paste

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Bishop, Cook, Purcell and
Reynolds
Washington, D.C.
on behalf of

Rum

The Government of the U.S. Virgin Islands

Eric E. Dawson, Commissioner of Economic
Development and Agriculture, Government of
U.S. Virgin Islands

Bill Alberger)
Peter N. Hiebert)--OF COUNSEL

Fried, Frank, Harris,
Shriver and Jacobson
Washington, D.C.
on behalf of

Rum

Virgin Islands Rum Industries, Limited ("VIRIL")

Mary H. Seminara)
)--OF COUNSEL
Jay R. Kraemer)

Porter, Wright,
Morris and Arthur
Washington, D.C.
on behalf of

Plywood

Asociacion de Industriales de la Madera,
(AIMA)

Leslie A. Glick--OF COUNSEL

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Myron Solter
Poolsville, Maryland
on behalf of

Wood
Toothpicks
and
Flat-veneer
Products

Forster Manufacturing Company, Incorporated
Wilton, Maine

Diamond Brands, Incorporated
Minneapolis, Minnesota

Strong Wood Products, Incorporated
Strong, Maine

Hardwood Products Company, Incorporated
Gullford, Maine

Solon Manufacturing Company, Incorporated
Solon, Maine

Myron Solter--OF COUNSEL

Independent Zinc Alloyers Association
Washington, D.C. 20036

Unwrought
Zinc

Richard Bauer, Eastern Alloys

Janice C. Lipsen, Deputy Executive Director,
Independent Zinc Alloyers Association

Howrey & Simon
Washington, D.C.
On behalf of

Tiles

Tile Council of America, Inc. (TCA)

Peter C. Johnson, Jr., Vice Chairman
of the Board, Summitville Tiles

John C. Peirce)
)--OF COUNSEL
Andrew J. Gildea)

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Embassy of Peru
Washington, D.C.
on behalf of

General

Luis Alberto Sanchez M., Commercial Minister
Counselor, Institute of Foreign Trade,
Embassy of Peru

Leslie Alan Glick, Esq., Legal Advisor to the
Government of Peru

- End First Day of Two Days -

- Wednesday, April 18, 1990 -

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

St. Maxens and Company
Washington, D.C.
on behalf of

Glassware
products

Corning, Incorporated

Timothy J. Regan, Corning Director of
Public Policy, Corning Incorporated

Charles L. Peifer, Corning Vice President
and General Manager

Sidley and Austin
Washington, D.C.
on behalf of

Glass

Anchor Hocking Glass Company

Frederick L. Contino, Vice President of
Merchandising, Anchor Hocking Glass Company

Patricia A. Zinski)--OF COUNSEL

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Barnes and Thornburg
Washington, D.C.
on behalf of

Glassware
products

Indiana Glass Company

Wayne Donie, Group Vice President of
Manufacturing and Engineering,
Indiana Glass Company

Randolph J. Stayin--OF COUNSEL

Stewart and Stewart
Washington, D.C.
on behalf of

Glassware
products

Libbey Glass, Incorporated, a Unit of
Owens-Illinois, Incorporated

Eugene L. Stewart)
)--OF COUNSEL
Charles A. St. Charles)

America Flint Glass Workers Union (AFL-CIO)
Toledo, Ohio

Glass-
ware

George Parker, President Emeritus

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

PRODUCT

Collier, Shannon & Scott
Washington, D.C.
on behalf of

Stainless
steel
flatware

Oneida, Limited

Utica Cutlery, Incorporated

Royal Silver Manufacturing, Incorporated

William D. Matthews, Chairman of the Board
for Oneida, Limited

Catherine Hill, Counsel for Oneida, Ltd.

Mary T. Staley)--OF COUNSEL

Collier, Shannon & Scott
Washington, D.C.
on behalf of

Bicycle
and
Bicycle
parts

Bicycle Manufacturers Association of
America, Inc. ("BMA")

John Mariotti, President of Huffy Bicycle
Company

Michael R. Kershow)--OF COUNSEL

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE
GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION:

Columbian Government Trade Bureau
Washington, D.C.
On behalf of

INCOMEX (Instituto Colombiano de Comercio
Exterior) and
PROEXPO (Fondo de Promocion de Exportaciones,
Banco de la Republica)

Tomas Uribe M., Director

Nora Olave, Assistant Director

Bernell Goldberg, Legal Advisor to the
Columbian Government Trade Bureau

Stacy J. Ettinger, Law Clerk

PRODUCT

Asparagus
thru
Certain Dolls

PETITIONS FOR WAIVER OF COMPETITIVE NEED LIMIT FOR A PRODUCT ON THE LIST
OF ELIGIBLE PRODUCTS FOR THE GENERALIZED SYSTEM OF PREFERENCE

APPENDIX D

Types of Trade Shifts Resulting from Modifications of
GSP Eligibility

Types of Trade Shifts Resulting from Modifications of GSP Eligibility

This report examines the probable economic effects of changing the GSP status of certain commodities and, in some cases, of certain commodities from particular countries. The major cases involve adding products to the list of articles eligible for GSP duty-free treatment and removing products or products from certain countries from the eligibility list.

Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

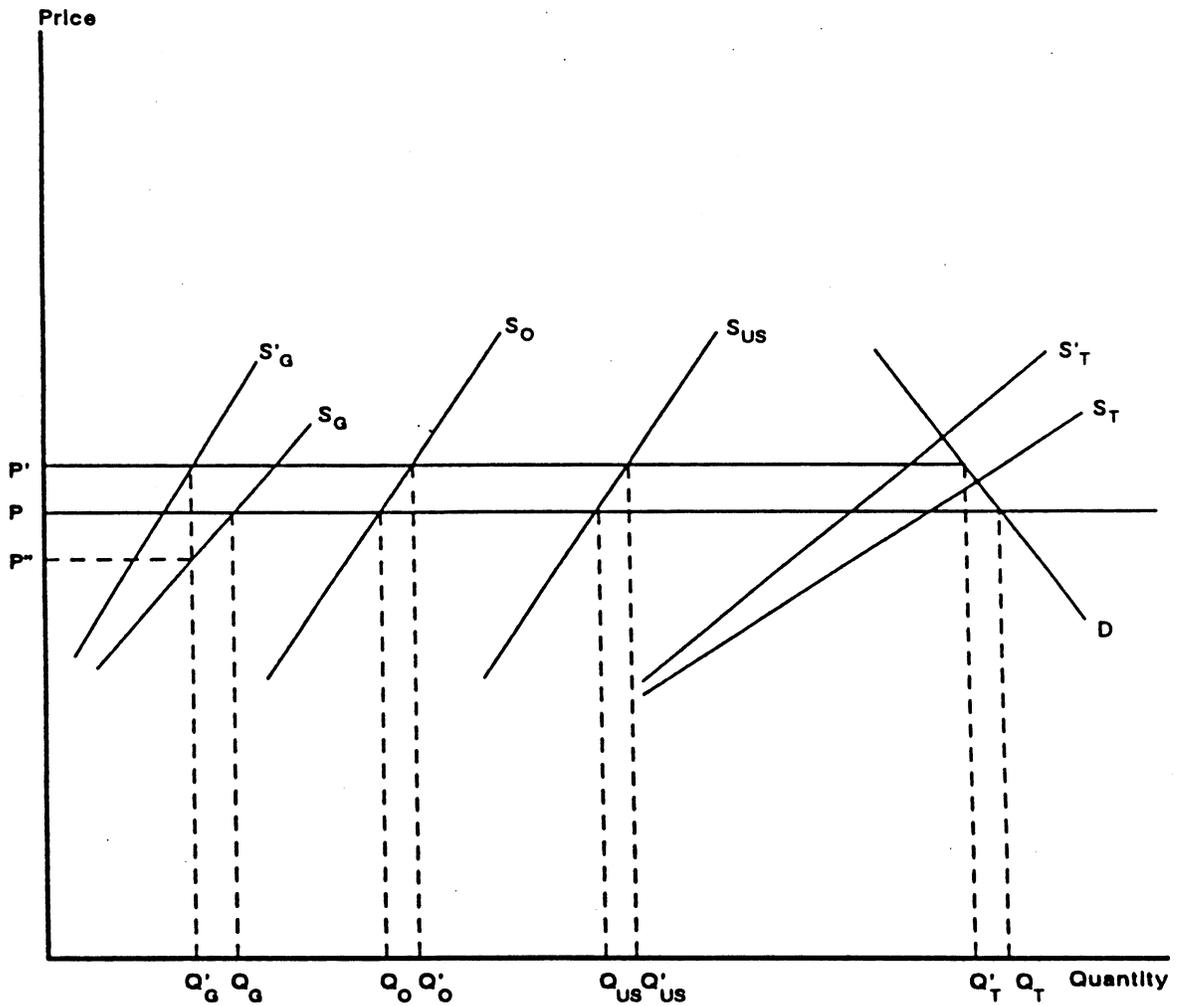
The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S'_G to S_G , with an increase in total supply from S'_T to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the United States, a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from S'_T to S_T), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

The case where the duty-free status of a product is ended can also be illustrated using figure 1. In this case the shift is from the unprimed to the primed designations, e.g., a shift from S_0 to S'_0 . The comments made above with respect to supply elasticities, market shares and tariff rates apply in this case except with price and quantity changes reversed in direction from their changes in the original case.

Figure 1
The effects of a duty change on imports from GSP-eligible countries on the price of a good in the United States and quantities supplied by producers in the United States, GSP-eligible countries, other foreign countries, and total



Key to figure 1

- D = U.S. demand for the product
- S_G = supply to the U.S. market from GSP eligible countries without duty on these products
- S_O = supply to the U.S. market from other foreign countries
- S_{US} = supply to the U.S. market from U.S. producers
- S'_G = supply to the U.S. market from GSP eligible countries with duty on these products
- S_T = total supply to the U.S. market - this is the "horizontal sum" of S_G , S_O , and S_{US} . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.
- S'_T = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of S'_G , S_O , and S_{US} .

With no duty on GSP eligible products

- P = price paid by consumers and received by all suppliers
- Q_G = quantity supplied by GSP eligible countries
- Q_O = quantity supplied by other foreign countries
- Q_{US} = quantity supplied by U.S. producers
- Q_T = total quantity supplied = $Q_G + Q_O + Q_{US}$

With duty on GSP eligible products

- P' = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges
- P'' = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty = $T = P' - P''$
- Q'_G = quantity supplied by GSP eligible countries
- Q'_O = quantity supplied by other foreign countries
- Q'_{US} = quantity supplied by U.S. producers
- Q'_T = total quantity supplied = $Q'_G + Q'_O + Q'_{US}$